THE LIBERTARIAN REVIEW

October 1981
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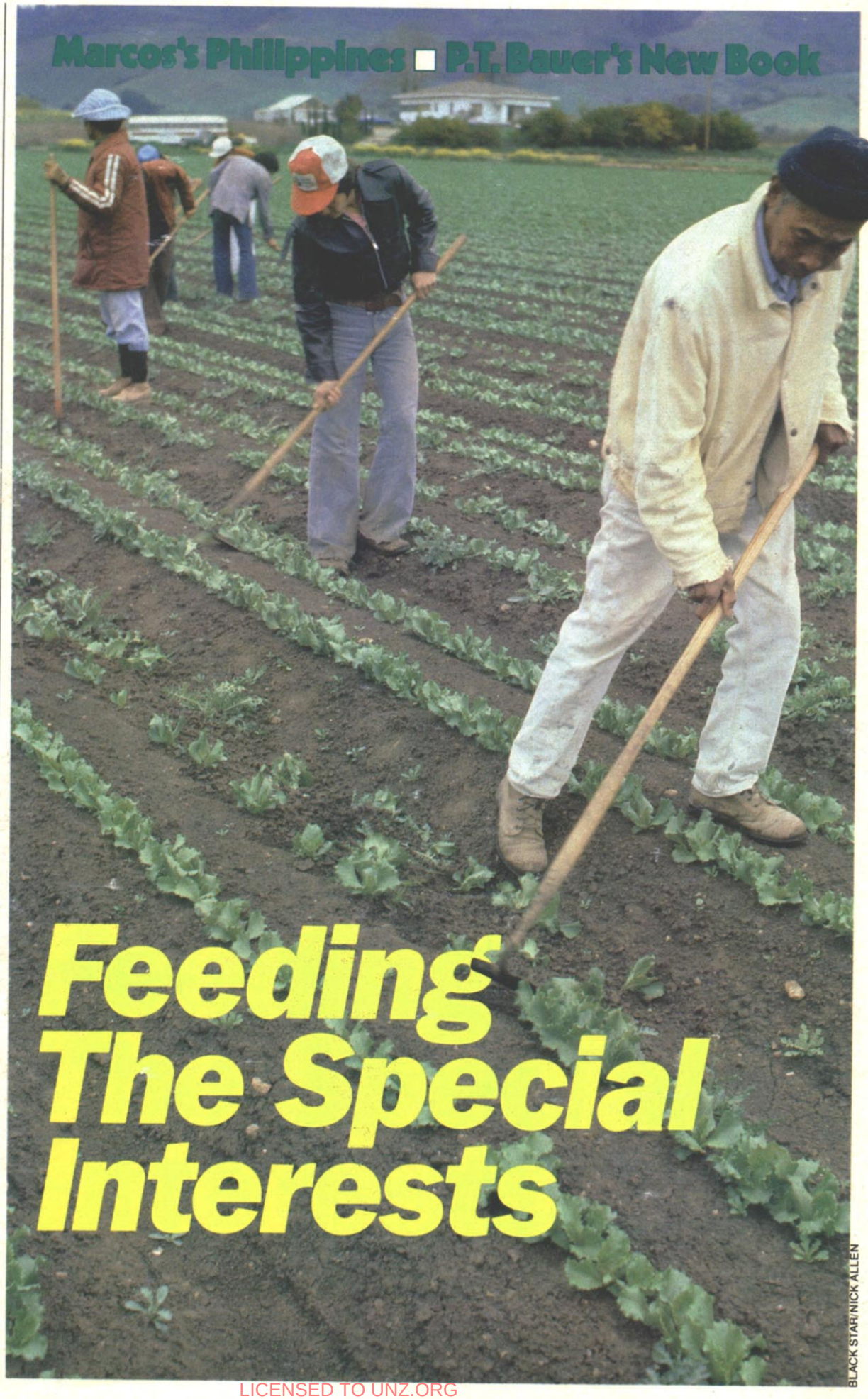
LIBERTARIAN

Marcos's Philippines ■ P.T. Bauer's New Book



Feeding The Special Interests

BLACK STAR/NICK ALLEN

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The Eighth Libertarian Scholars Conference

Directed by the Center for Libertarian Studies

October 30, 31 & November 1, 1981

New York Sheraton Hotel • New York City

FRIDAY, October 30	Registration	3:00- 5:00
	Reception	5:30- 7:00
	Dinner	7:00- 9:00
PANEL I—The Reagan Administration's Policies: A Critique		9:00-11:00
	Hospitality Suite	10:00-11:30
SATURDAY, October 31	Breakfast	8:00- 9:15
PANEL II— Law and Economics		9:30-11:30
	Lunch	12:00- 1:30
PANEL III—Religion and American Politics		2:00- 4:00
	Reception	5:30- 6:30
	Banquet	6:30- 8:00
PANEL IV—The Libertarian Movement and Scholarship		8:00-10:00
	Hospitality Suite	10:00-11:30
SUNDAY, November 1	Breakfast	8:00- 9:15
PANEL V—Education and the State		9:30-12:30

"What we need is nothing else than to substitute better ideas for bad ideas. This I hope and am confident, will be done by the rising generation."

Ludwig von Mises

Hotel accommodations for out-of-town attendees have been reserved at the New York Sheraton Hotel, Seventh Avenue and 56th Street. The complete conference package which includes all meals, hotel accommodations for two nights and conference sessions is available for $200. The same package without hotel accommodations is $140. Registration begins at 3:00 p.m. on Friday, October 30.

For more information, contact Richard Seiden, Executive Director or Dyanne Petersen, Conference Coordinator, at:

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THE LIBERTARIAN REVIEW

September 1981
Volume 10, No. 10

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Feeding the Special Interests

Although we feed the world, both domestic and foreign government policy has driven small farmers and workers off the farm. Now government is stepping up its intervention, with new subsidies and immigrant worker schemes to feed special interests.

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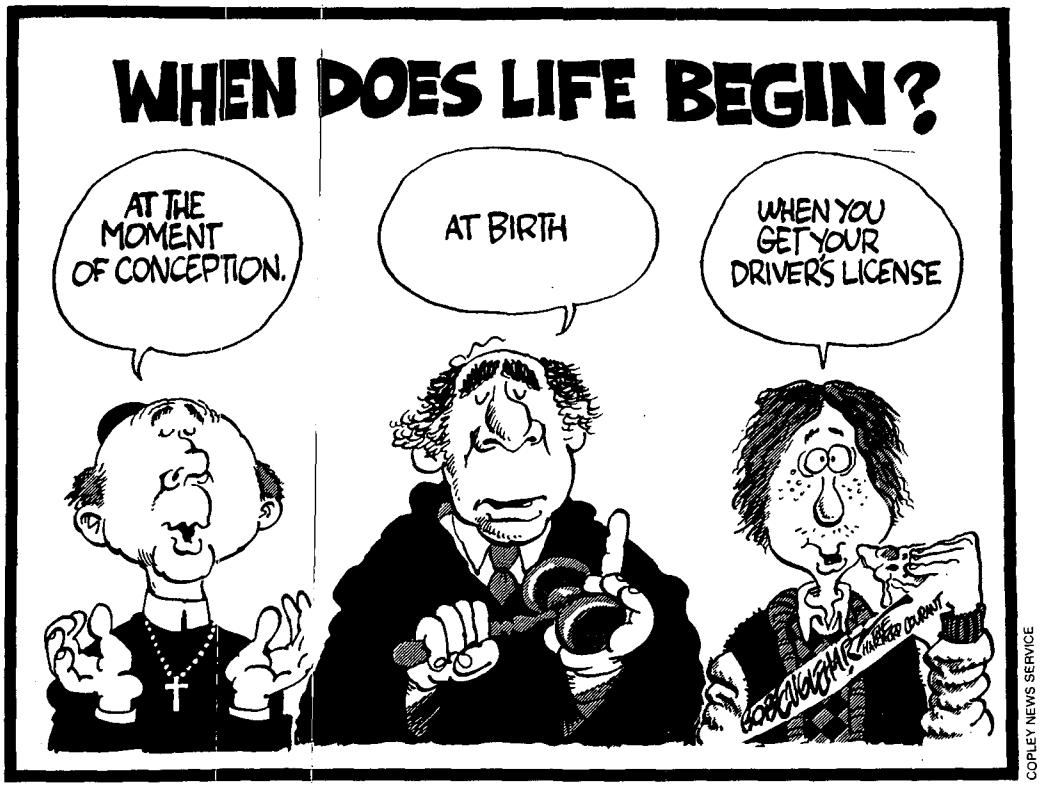
OPENING SHOTS



BILL BIRMINGHAM

OH SHUT UP: "PRESIdent Anwar Sadat said last night he is distressed by the 'passivity' of America toward moves by the Soviet Union in the Middle East, and he offered again to provide Egyptian military facilities to the United States if they were needed." (*The New York Times*, July 29, 1981)

When guns are outlawed only outlaws will have guns, and accordingly the state of Florida has exempted ex-CREEPster E. Howard Hunt from that state's strict gun control laws and authorized him to own a gun. "Everyone I know is armed," said Hunt, who served 33 months in prison for his part in the Watergate conspiracy. We believe it.

If you had put $10,000 in 12 percent money market instruments back in January 1980, you would have had $11,790 in worthless paper money nineteen months later. On the other hand, if you had bought Krugerrands, you would now own 11.5 ounces of precious, easily convertible gold, an eternal store of value worth $4600. Anyone for pork bellies?

According to a statement prepared by Dr. Willard Cates, Jr. of the National Center for Disease Control, legalized abortion has reduced the number of abortion-related deaths by more than 99 percent from 1965 levels. Indeed, abortion is now safer than childbirth: "The risk of dying from induced abortion during the first 15 weeks [of pregnancy] is one-seventh the risk of dying from pregnancy and childbirth." Legal abortion has also helped reduce the incidence of bastardy and teenage marriages and, in combination with amniocentesis (a method of examining the fetus during pregnancy), led to 10 percent *more* childbearing in families with a history of genetic defects. This statement was *not* read to the Senate Judiciary subcommittee which recently voted, three to two, that human life begins at conception. Dr. Cates did not testify by order of Health and Human Services Secretary Richard Schweiker, a long-time abortion foe who presumably decided that the Senators must not be confused by too many facts.

On July 9 a presidential commission urged Congress and the states to adopt a new definition of death as the "irrevocable cessation of all functions of the entire brain, including the brain stem." Under the current hodgepodge of definitions a person whose heart still beats but whose entire brain has ceased to function is still legally alive in 23 states and—of course — the District of Columbia.

In *LR*'s July issue Dr. Peter Breggin discoursed eloquently upon "children's rights" but he missed one: The right to be exposed to "negative experiences." That's the explanation bureaucrats in Leigh, England, gave Harry and Esther Hough for turning down their application to adopt a child. "It would seem from the interviews and reports that both of you have had few, if any, negative experiences when children yourselves, and also seem to enjoy a marital relationship where rows and arguments have no place," complained the social services authorities in a letter, and so the Houghs are deemed unfit to adopt, even though they've served as foster parents to 47 children. It makes a weird kind of sense; governments have never been very successful at guaranteeing their citizens happiness, but they have had lots of practice at making them miserable. Rest assured that while the State may not be able to teach children to read, it can defin-

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itely supply them with all the negative experiences they may require. Negative experiences are the government's specialty.

Playing Russian Roulette With An Automatic Dept.: "The Nuclear Regulatory Commission is investigating charges of cheating on exams given to reactor operators at the Three Mile Island nuclear plant, a plant spokesman said yesterday." (*San Francisco Chronicle,* July 29, 1981)

Economy in government is all very well, but the Consumer Product Safety Commission went too far recently when it refused to repeal its swimming pool slide regulations (yes, really) on the grounds that it would constitute "throwing good money after bad." Reflecting on estimates that it would cost over $100,000 in staff time to repeal the admittedly worthless regulations, Commissioner Stuart Statler remarked, "Perhaps getting something off the books may be as difficult as getting something on in the first place." Not if you just burn the books.

Insult of the Month Dept.: "Phyllis Schlafly," sneers Donald Kaul of the *Des Moines Register,* "is the Quisling of the women's movement, the president of Vichy feminism."

Cultural Notes: Swedish censors have decided that children under fifteen may not see the movie *Superman II.* According to the *Christian Science Monitor,* one Social Democratic politician wants a similar ban on John Travolta movies.... A new Mexican law forbids the publication of items "that directly or indirectly induce or foment vices." Included in that sweeping definition are works of fiction which "directly or indirectly degrade or rebuff the Mexican people, their abilities, customs and traditions".... Vietnam's Information and Cultural Service, meanwhile, has launched a campaign against "decadent phenomena," particularly offensive books, music, and clothing. Officials have reportedly seized and destroyed 100 tons of forbidden books in the past year, and all foreign music, including music from Communist countries, has been banned until the authorities compile a list of what can be played.... The ultra-Orthodox Agudat Yisrael party required certain concessions before it would help Menachem Begin form the new Israeli government, including more money for religious schools, tighter restrictions on Sabbath work permits, and bans on abortion, autopsies, and the sale of pork.... Over on the Israeli-occupied West Bank an Arab was recently sentenced to a year in jail for smoking in public during Ramadan, the holy month when all good Muslims are supposed to abstain from such vices. Israel is not to blame; the law is a holdover from the time when Jordan ruled the West Bank. It was just lucky for Issa Mohammed Abu-Zahara that he was smoking tobacco, and not bacon.

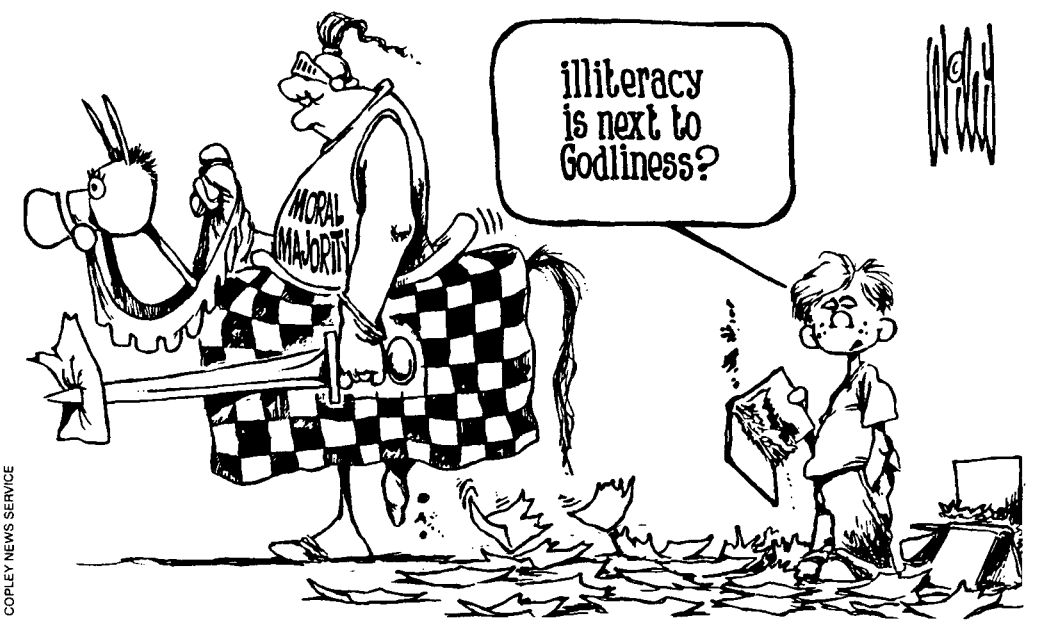
You will be pleased to know that the CIA is not planning a vast secret operation in Libya to overthrow that country's government, as mistakenly reported by *Newsweek.* According to "administration sources," the operation (nature unspecified) which prompted unprecedented objections from a House oversight committee was aimed at Mauretania, not Libya. As to why anyone would want to intervene in Mauretania, your guess is as good as ours—and probably better than the CIA's.

In 1972 the projected cost of the Clinch River breeder reactor was $669 million. To date it has cost over $1 billion and, in the words of Rep. John Dingell, "there isn't even a hole in the ground." A congressional staff investigation has dubbed Clinch River "a costly and technical fiasco" that will end up costing over $3.2 billion. So naturally the House of Representatives has voted to spend $228 million more on it, 206 to 186.

While it sometimes takes the U.S. Snail three weeks to deliver a manuscript from the West Coast to *Libertarian Review*'s Washington offices — when they deliver it at all—the clerks at one Washington-area post office regularly drop whatever they are doing (or not doing) to look for the Postmaster General's junk mail. About nine months ago, it seems, Mrs. William Bolger, the Snailmaster's spouse, missed a sale at a local department store because an advertising flyer was delayed in the mail. So now, whenever Hecht's sends out its ads, the clerks in the Merrifield Post Office turn to until they find the one addressed to Bolger's home. Then a supervisor photocopies it ("to cover their asses in case it gets lost from here to there," says one clerk) and puts it in a carrier's bag, assuring next-day delivery. "It's not uncommon to have several clerks and a supervisor sorting through thousands of pieces of mail looking for it," *The Washington Post* was told. "It's the standing joke"... But why aren't you laughing?

The National Institute on Drug Abuse is seeking bids on a three year contract to "grow, harvest, store, ship and analyze" some 1000 kilos of marijuana a year, to be used in various research projects. Formerly the University of Mississippi was the sole supplier of legal marijuana but now the Institute (no doubt inspired by the spirit of Reaganite "free enterprise") wants competitive bids. But not just from anyone: "Experience with the growing of cannabis," says the Institute, "will be considered an essential criterion."

As if smallpox-infected blankets weren't enough, the Food and Drug Administration has descended on the Seminole Indian reservation to investigate the sale of "Indian Arthritis Liniment" at a local crafts shop. Based upon the ancient wisdom of Seminole medicine men, the liniment contains dimethyl sulfoxide, better known to the palefaces as DMSO, as one of its main ingredients. DMSO is not approved by the Food and Drug Administration, so the FDA has come down hard on Indian Arthritis Liniment. "Even the Indian reservation is not exempt from FDA regulations," said a spokesman. *Ugh.* ❑



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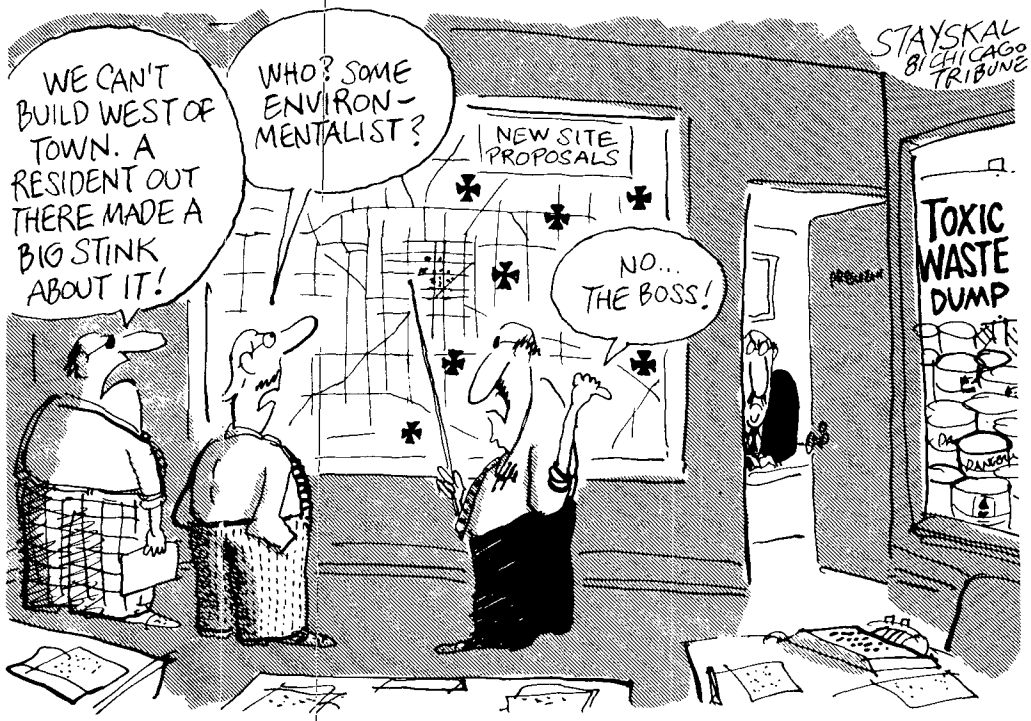
LETTERS TO LR


WE CAN'T BUILD WEST OF TOWN. A RESIDENT OUT THERE MADE A BIG STINK ABOUT IT!
WHO? SOME ENVIRON-MENTALIST?
NEW SITE PROPOSALS
NO... THE BOSS!
TOXIC WASTE DUMP
STAYSKAL 81 CHICAGO TRIBUNE

"Tragic, stupid, and insidious laws"

I HAVE JUST READ ANother excellent article of yours on the tragic, stupid, and progressively insidious exercise of our drug prohibition laws ["Crime in the Cities — The Drug Connection," by Roy A. Childs, Jr.; *LR*, August 1981]. Come to think of it, an earlier article of yours from around 1977 or so detailing the racism inherent in those laws was one of the factors by which Libertarianism first caught my full attention. And I have also of course read Szasz and am in total agreement with his view that the kernel of the problem we face is a religious system of belief that now borders on the fanatical.

The question I want to ask the Learned Elders of Liberty is: What, realistically, can we do about the Harrison Act and all of its miserable progeny? What are the steps? How does one start to fight this kind of religious war? Is it enough that some responsible anchorperson in the media might pick up on a source of truth or that a group of our statesmen in office might just read you and see the light? Where do we go from here?...

There are various diversionary tactics which come to mind like promoting prohibitory laws for parallel substances like tobacco or chocolate just to demonstrate the growth of addiction and distress that would ensue. There are some gradual approaches such as the suggestion by the A.G. of Mendocino County, CA that individuals be allowed to grow their own supplies of Sensemilla legally, but these simply beg the question which will never thereafter be asked. Nothing I have been able to think of has the form of direct, relevant action such as a suit in court, but if a user sues, that person is automatically disqualified because of the prevailing structure of belief....

There is a lot at stake for a lot of people if the scapegoat of drugs could be exorcised. You have taken the position of a Galileo: teaching that the truth may be found through objective observation rather than revelation. I don't think that an Inquisition will come for you, but you may be ignored. Do we have a Martin Luther in the wings, or a Darwin?

What kind of event might make a difference?

I would really like to help.

AVERY R. JOHNSON
Milford, NH

THE DRUG CONNECtion was the most logical, comprehensive treatment of the "problem" I have ever read — an excellent, persuasive piece....

HANK JAMES
Walnut Creek, CA

EVERY ONCE IN A WHILE an article in a libertarian rag really moves me. One such article was yours on drugs in the August issue of *LR*. We must argue from fact as well as principle if ever we are to convert.

Your article addresses the issue from all points of the compass. As such it has the makings of a multi-audience speech; emphasis crossdressed to fit the specific audience. May I suggest that some effort be expended by the LR staff to do just that so that a canned, but audience tailored Libertarian talk on drugs be made available to those of us who are called upon to speak from time to time?

Facts such as 6-8 tons in 500 million are dynamite! Some needed facts come to mind ... the law enforcement costs to seize 268.7 pounds? The number of users who die each year? Why won't everyone use heroin if it only costs $1.50 per day? Etc.?

Why, I might even blow the socks off the local chapter of the Moral Morons!

Again, outstanding job!

WILLIAM H. HUNSCHER
Canaan, NH

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LR unmasked

C'MON NOW YOU GUYS. Did you really think you could fake out all your readers? That none, not one of us, would catch on to your sneaky little trick?

Your quiet, dare I say "elitist" little in-joke?

I'm referring to your otherwise fine issue on "Cities," in which your little cutie was there, boldly there, before our eyes the whole time.

Did you really think Libertarians were so ignorant and unobservant that none, not one of us, would see your snickering and devious little game?

You've been found out!!!

The typeface you used for the entire *city* issue is itself called "City."*

Didn't know, did you, that art directors read this stuff too —Hah!

(At least you could've used "Metropolis" for subheads. "Obelisk," "Spire," "Broadway," "Chicago," "Park Avenue," come to mind as well.)

I dare you to print THIS letter. So all the world will know.

LAWRENCE MILLER,
President
Freelancenter, Inc.
New York, NY

*Actually you used City Medium and City Bold.

Miscellaneous bouquets

THOMAS SZASZ IS A CONtinuing inspiration. He's done it again with "The Protocols of the Learned Experts on Heroin" (*LR*, July 1981). Like the proverbial fine wine, he only improves with age. I also savored the wicked thrust at "chairthing Midge Decter" *et alia* in Bill Birmingham's "Opening Shots." I consider my subscription to have paid for itself.

GEORGE W. MASON
Honolulu, HI

I HAVE READ THE JULY issue and would like to commend you for the Szasz and Breggin articles — this is the sort of radicalism that makes me mostly proud of *LR*. I say "mostly" because I have noticed some conservative coloration to your material lately (e.g., the Social Security issue did not come out forthrightly for abolition, and there's been too much stuff on economic issues)....

The Free Heritage department has done very well. Please continue it — there have certainly been enough freedom fighters to keep it busy forever....

STAN KERR
Champaign, IL

CONGRATULATIONS Joan Kennedy Taylor! Your July article on labor unions was well-researched and jampacked with facts — a refreshing departure from *LR*'s usual philosophico-metaphysical crap. Perhaps the New Positivism is catching on.

ROBERT RATTO
Los Angeles, CA

...and corrections

JACK SHAFER'S MASTERLY survey of the car industry [*LR*, July 1981] is marred by an error: he says, "overseas... governments haven't interfered with the price of fuel."

For decades most European governments have punished people for purchasing gasoline by taxing them 100 to 150 percent. If that is not "interfering with price," then *LR* isn't *L*.

A.J. DAVIES
Ridgefield, CT

IN HER ARTICLE IN THE July issue on "Unions and Government Power," Joan Kennedy Taylor wrote that Section 14(b) of the Taft-Hartley Act allows states to pass laws that "outlaw closed and union shops." To be accurate she should have added the phrase "as a condition of employment." Even in right to work states, one is unlikely to find nonunion carpenters or nonunion professional musicians as a result of Taft-Hartley. The law does enable employers, in some circumstances subject to prior contracts, to hire new workers when a union strikes, without penalty. A case in point was the strike by the printers' union against the Richmond newspapers in 1972. Generally, however, studies by such people as Kuhlman; Myers; Palomba and Palomba; Tollefson and Pilcher; Moore, Newman, and Thomas; Lumsden and Petersen; and Warren and Strauss have concluded that right to work laws are less responsible for lower unionization rates in right to work states than are social attitudes, political structures, and workforce composition — e.g., agricultural versus nonagricultural states. ❑

ROBERT FORMAINI
San Francisco, CA

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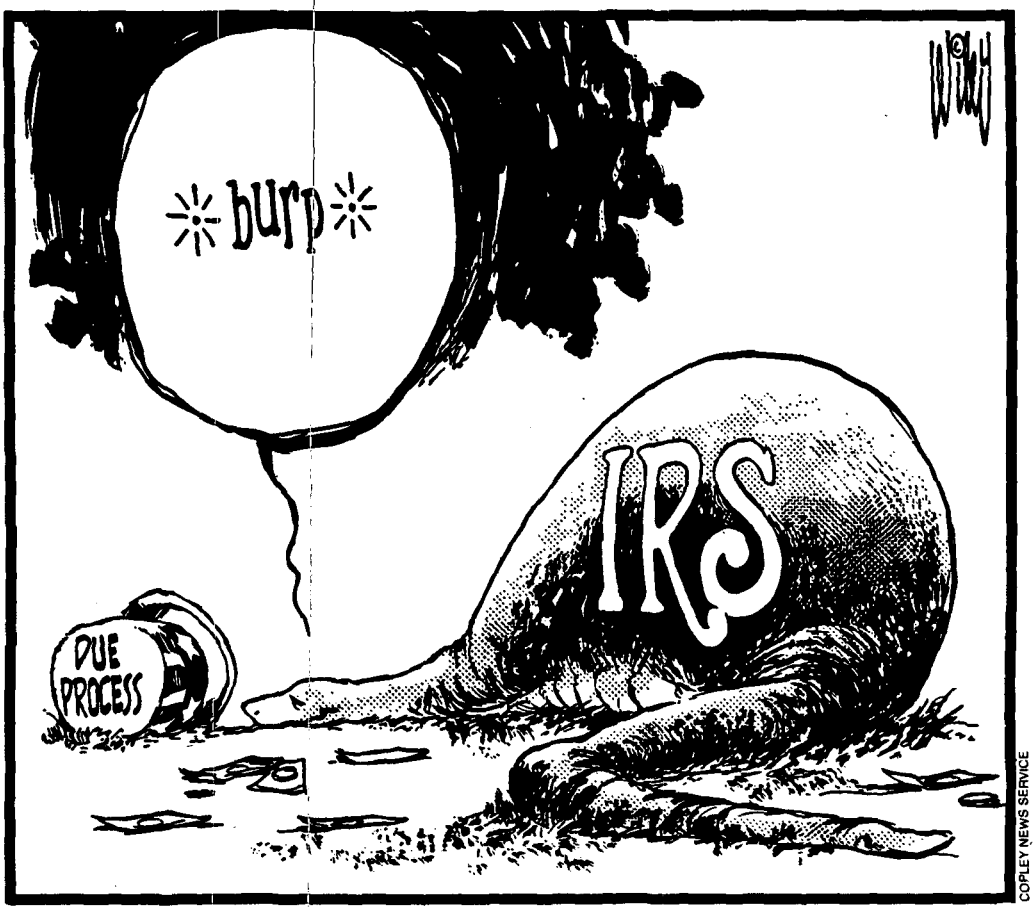
EDITORIALS



Off our backs?

H.R. 4242 WAS THE PEDESTRIAN name for what was known in the news media and hailed by conservatives as the Reagan tax cut package—the bill passed in August which will, among other things, cut individual federal income tax rates by 5 percent this month, and by 10 percent per year for the next two years.

But, as is often the case with massive, comprehensive bills of this kind, it was the "other things" which bore watching. For the most part, they weren't watched at all, by the news media, by the citizens, and least of all by Congress. Or rather, certain members of Congress were watching very closely, intent on slipping in what appeared to be innocent provisions past the not-so-careful scrutiny of their colleagues and the Reagan administration. The result: H.R. 4242, that great boon to the beleaguered taxpayer and now the law of the land, contained portions which were aggressively hostile to the rights and interests of the individual taxpayer.

Consider Section 702 of the bill. Tacked onto the bill, as an emergency rider at the request of the Internal Revenue Service, this quiet little paragraph effectively exempts the IRS from provisions of the Freedom of Information Act (FOIA), particularly "the disclosure of standards used or to be used for the selection of returns for examination, or data used or to be used for determining such standards, if the Secretary [of the Treasury] determines that such disclosure will seriously impair assessment, collection, or enforcement under the internal revenue laws."

Dreaming up this section wasn't just some theoretical adventure for the IRS. It was aimed at stopping the efforts of a husband-and-wife team in Bellevue, Washington, who have over the past 12 years fought and won 12 successful lawsuits against the IRS, forcing it to disclose the methods it uses in auditing taxpayers. The couple, Phil and Sue Long, earlier managed to pry loose the 40,000-page manual used by IRS agents to interpret the law and conduct audits. And their latest crusade has been to force disclosure of the "Taxpayer Compliance Measurement Program" (TCMP), a computerized, ongoing series of studies based on past IRS audits which are used to formulate future IRS policies.

In others word; TCMP tells the IRS which methods work and which do not, and which categories of taxpayers are most fruitful targets for collection procedures. Denying public access to TCMP means that there is nothing to stop the IRS from selective or discriminatory audits, and it means that the IRS is under no obligation to inform a taxpayer why he or she has been selected for audit. For an agency which operates with virtually none of the due process constraints of the Bill of Rights, and which has admitted that one of the goals of its methods is to create fear, the inclusion of Section 702 in the Reagan tax cut package must have been a sweet victory indeed — especially since it was passed without hearings by the Oversight Subcommittee chaired by Rep. Charles Rangel (D-NY) of the House Ways and Means Committee.

The House approval of Section 702 was fully shared on the Senate side by Robert Dole (R-KS), Chairman of the Finance Committee, who had announced his support of the FOIA exemption for the IRS.

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But Dole didn't stop there with his anti-taxpayer measures. He successfully sponsored an amendment to the tax cut bill which raised the cost for a taxpayer to go to tax court from $10 to $60. And he added another amendment which penalizes citizens who overstate the number of exemptions they are entitled to on their W-4 forms; the penalty is now a $500 fine in a civil procedure, or $1,000 fine and/or a year in jail in a criminal procedure. This latter Dole amendment appears to be directed at the well-publicized tax protest actions of a group of automobile workers in Michigan earlier this year (see *LR*, July 1981).

Another little-noticed amendment to the tax cut package was the section which prohibits individuals from using their Individual Retirement Accounts (IRAs) or other tax exempt savings plans to invest in such things as gold, rare coins, art, antiques — in other words, in just about everything except U.S. government fiat dollars. This amendment was sponsored by Rep. James Shannon (D-MA) and passed by the House Ways and Means Committee with the low-key encouragement of lobbyists for the savings and loan industry. The public argument for this measure is that, under existing tax law, individuals will actually be better off in terms of dollars if they don't buy gold with their IRAs and buy it instead with non-exempt funds. To taxpayers who, in 20 years, may prefer to own gold rather than $100,000 worth of green wallpaper, this argument has been less than persuasive.

Amid the stream of anti-taxpayer, anti-consumer amendments which found their way into the Reagan tax cut package, there was one pro-taxpayer victory, thanks largely to the lobbying efforts of the Washington, D.C.-based National Taxpayers Legal Fund and other interested groups. These efforts defeated an amendment sponsored by Senators Sam Nunn (D-GA) and Lawton Chiles (D-FL) which would have allowed the U.S. government to share any citizen's tax return information with any other government, local, state, or even foreign. The same amendment would have prevented Americans from suing individual federal employees, instead requiring them to sue the applicable federal agency. (Suing the federal government, of course, requires the federal government's approval first.) Despite this rather surprising defeat, it's unlikely that the ideas embodied in the Nunn-Chiles Amendment will fail to surface in the future.

The pro-special interest, anti-individual rights scorecard of Congress significantly undercuts much of the "cut government" hoopla associated with the Reagan tax cut program. It should serve to remind us, if such reminder is necessary, that few of the men and women on Capitol Hill are terribly interested in getting government off our backs. At most, they've designed the present program to shift the weight from one shoulder to the other.

—CH

Bugs not out of synfuels

IN A SCENE FROM SOME late-night Creature Feature, scientists in Morgantown, West Virginia were breeding crickets with three heads and extra eyeballs, mutations which are caused by exposure to a chemical found in the waste matter of a synthetic fuels conversion scheme called coal liquefaction. That's the process used in this Appalachian college town's synfuels plant, the nation's first, and as such the pilot project on which the future of the entire synfuels program was to be judged. When Jimmy Carter unveiled it three years ago, he called it a "precursor of wonderful things to come," but it isn't known whether he meant by that the monster insects. In any case, they may be the most useful product the plant produced, as marketable so far as synfuels themselves.

Back then, Department of Energy officials said the Morgantown plant represented the answer to our energy woes, but tell it to the bugs. Barbara Walton, an environmental toxicologist who bred the beasties, says the substance producing the mutants is almost identical to that of other coal-derived liquids and that this fact underscores the need for better safeguards on the stuff coming out of such facilities, intentionally or otherwise.

About the only other contribution the project has made to the nation is inflated dollars. DOE officials first said it would cost about $575 million, but they've since upped that estimate to $1.4 billion. Internal government documents unearthed by Jack Anderson, meanwhile, put the cost at $3 billion within the year, which is not surprising since former DOE Deputy Undersecretary Robert Hanfling told the House Appropriations Committee that each month's delay cost $10 million.

The Anderson memo found that employees of Gulf Oil, the chief contractor, despite salaries of up to $129,000 "are just sitting around with their hands in the cookie jar," and added: "No one quite knows what the actual costs are or what the ultimate design will be." The project was killed when it fell 15 months behind schedule.

Nor does the fact that the governments of West Germany and Japan were bearing some of the cost, as well as Gulf, exactly spell relief, since the whole project entailed, quite simply, the use of untold millions of tax dollars by a huge corporation to finance an experimental technology that congressional critics consider dubious in the extreme.

The chief beneficiary, of course, was Gulf. Its cost share was under 3 percent, with Japan and Germany kicking in $50 million each, and the American taxpayer picking up the rest. Gulf is already claiming as its contribution to the cost some $25 million it spent on research in the 1960s, an arrangement DOE okayed, even though the feds haven't even looked into those expenditures. More than that, DOE gave Gulf the patent rights, which Gulf in turn sold to Japanese and West German industrialists for another $60 million, claiming that, too, as part of its share.

Despite early claims for the plant — the Carter Administration said that by 1984 it would be turning 6,000 tons of coal each day into the equivalent of 20,000 barrels of oil — there was little evidence that the products of such projects would have any commercial value at all without additional massive subsidies, according to its original congressional critic, then-Representative David Stockman of Michigan.

The products, Stockman argued, would be "vastly more expensive than readily available substitutes — perhaps $40 to $50 per barrel. No one, not even the most pessimistic of experts, has predicted that oil imports will cost enough in 1984 to make the products ... competitive without massive additional subsidies. In short, this is a deal in which the taxpayers take all the risks and Gulf gets the benefits." One energy department insider interviewed before the plant's demise thought Stockman's assessment was accurate: "The bottom line," he said, "is the DOE is rushing in with a multibillion gravy train to support a project over which it has no control and whose completion is in serious doubt. The only gainers will be Gulf Oil, the subcontractors, and foreign companies."

Not only is the product's marketability in question, but there were serious doubts regarding its safety as well. Environmentalists began to squawk after news broke of an accident at the Gulf operated liquefaction plant on the U.S. Army base southwest of Tacoma, Washington. There, Gulf has confirmed, an operator at the plant in December, 1979, accidentally left open a valve that permitted 2,300 gallons of a coal-derived liquid to spill into the area, according to *The Wall Street Journal*, "contaminating the soil and underground water supply." The Washington State Department of Ecology called the distilled coal product "an extremely hazardous waste" and fined Gulf $20,000 for four violations of state antipollution regulations, including not reporting the spill. A Gulf spokesman admitted that the company had "screwed up" by failing to report the mishap immediately, but Gulf appealed the fine on the grounds that the spill was not "reportable because it contaminated only the property within the plant itself.

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Safety questions aside, Stockman called the project "a colossal bad bargain," arguing that in view of Gulf's "huge profits" — over $4.2 billion after taxes in the first five years after the OPEC oil embargo of 1973—there was no reason the American taxpayer should subsidize Gulf enterprises. Gulf could well have undertaken the project, already having spent $2.2 billion for capital equipment purchases the very year the company convinced its friends in Congress to go ahead with public funding.

Gulf insisted on being bankrolled in the effort precisely because its executives know they could not have convinced their own stockholders of its merits. One Gulf executive reportedly said that if the company had put its own funds into the West Virginia plant its stockholders would have "gone bananas," because, as Stockman charged, Gulf officials admitted it was "noneconomic" and "nonprofitable" unless heavily subsidized.

Stockman fought the proposal and so jeopardized it back in 1977 that jurisdiction over its funding had to be transferred from the House Interstate Commerce Committee to the friendlier Science and Technology Committee, out of reaction to his charge that the "public works pork barrel project of the 1960s will find its replacement in the energy development pork barrel project of the...1980s." As Director of the Office of Management and Budget, Stockman is now in a prime position to see that this does not happen, but often his efforts in this direction have been successfully smashed. The Gulf plant lost its funding, but Congress has authorized billions for other such projects.

Stockman's proposal to rescind $5 billion in funds already appropriated for synfuels development was blocked when Texas Congressman Jim Wright, who calls the synfuels program "the single most important piece of legislation passed in the last Congress," led a group of House members who successfully persuaded the President not to cut the funds. The administration has authorized an additional $441 million for synfuels, and Energy Secretary James Edwards says he supports "moving ahead at the fastest possible pace" with the program — which makes a certain amount of sense when you consider that the cost of the plants goes up at a rate of $30,000 an hour.

This must be good news for Wright, who owns thousands of dollars worth of stock in natural gas companies in east Texas and is no dummy when it comes to business-as-usual politics, which appear to be the key to the whole synfuels business. Though he is now retired, former Commerce Committee chairman Harley Staggers denies that he did any "arm-twisting" to get the coal liquefaction plant located in Morgantown, although New York Congressman Richard Ottinger says the project was "of course" planned for Stagger's district. The idea itself came from Gulf and, according to one Congressional source, "Gulf is not stupid." One Commerce Committee member told *Congressional Quarterly* that only the "sheer power" of the chairman even kept the project alive, and another calls it a classic example of "reaching in and trying to grab something for your district just because you sit with a gavel in your hand."

Ottinger thinks Reagan should have "stood up to Wright," but, as Majority Whip, the man with wilder eyebrows than even Elmo Zumwalt has more clout than Staggers ever dreamed of, and designs of his own, you can be sure. If West Virginia can have two-headed crickets, well, by Gawd, Texas ought to get 'em, too; and look for Big Jim to be in there fighting. This battle isn't over yet, not by a long shot.

— Alan Crawford

Present at the Creation

IN LOUISIANA, AS OF NEXT year, when they miseducate the little darlings in public school they'll be giving equal time to the explanation based on supernatural intervention with that which explains creation through the process of evolution. Though Governor David C. Treen had doubts about the legislation providing for this breakthrough on behalf of fair play for creationism, he took the valiant route and went along with the overwhelming majority vote of the Louisiana legislature. "Academic freedom," said Mr. Treen, who could be churning out press releases for *Pravda* next week, given his way with words — "academic freedom can scarcely be harmed by inclusion; it can be harmed by exclusion."

There is in fact a minor point here that may put to rest some civil libertarians' disquiet. As state senator Bill Keith explains: "The teaching of scientific creationism"—that's what the new Louisiana law now gives equal time to—"is totally separate and apart from the Genesis account of creation but it does lend credence to the Genesis account. The Genesis account explains what happened. Scientific creationism, through scientific data, explains how it happened."

Want me to run that by you again? OK. This thing called "scientific creationism" is the doctrine of supernatural intervention. Just exactly how supernatural intervention can have "scientific data" brought to bear on its behalf, only a politician could possibly know.

But it is undoubtedly a good thing that "scientific creationism," which means supernatural intervention, will now be taught side by side with evolution. And since the teaching of this "is totally separate and apart from the Genesis account of creation," undoubtedly all sorts of versions of "scientific creationism" will now be taught in Louisiana.

One of my favorites, and surely a prime candidate for inclusion in the Louisiana curriculum, is that taught traditionally among the Shintoists of Japan. In case you had momentarily forgotten, the Shinto tradition teaches that the goddess Amaterasu-no-kami dipped her spear into the brine of the unformed world, and when she picked up her spear, the drops of water coagulated into the islands of Japan. Then she sent her grandson, the first emperor, to earth, to populate it with the Japanese race. Remember? Of course you do.

Or maybe "scientific creationism," meaning supernatural intervention, will take off from another delightful Asian belief, that the world rests on the back of a giant tortoise. We do, after all, see both a plethora of islands making up Japan, which would be "scientific data" in support of the Japanese theory, and the world is really quite rocky now and again, which might be accounted for by sudden quick moves by the giant tortoise.

Oh, did I miss the point? You're saying that in Louisiana those kinds of supernatural interventions won't be taught, only the supernatural interventions more familiar to people who are called Christians and Jews? But if state senator Keith is on the level, "scientific creationism" is "totally separate and apart from the Genesis account of creation," which ought to make other accounts including supernatural intervention just as deserving of equal time as those that "lend credence to the Genesis account." The Blackfoot Indians of the United States have some nifty views on creation, too, and they're closer to Louisiana than are the Japanese islands.

The problem with this "scientific creationism" bit ought by now to be obvious. Either it is just gobbledygook for Genesis, or it isn't; and if it isn't, then anything, no matter how un-Judeo-Christian, ought to get equal time with Darwin. More to the point, as Ben Bova, editor of *Omni* magazine, pointed out last year, "evolution, as described by Darwin and others, is the cornerstone of the biological sciences. No serious scientists dispute this, even though they will haggle fiercely over minute details....So far not one shred of evidence has ever been found to support the Creationist point of view."

Since the "scientific creationists" want equal time with Darwin in school, are they consistent? Bova asks us to "ask the next Creationist you meet whether he would be willing to have a chapter explaining Darwinian evolution inserted into the Bible alongside Genesis. Then you'll learn what 'equal time' really means to them." And on this today's "conservatives" are willing to go to the mat. Again, conservatism makes of itself a joke.

— DB

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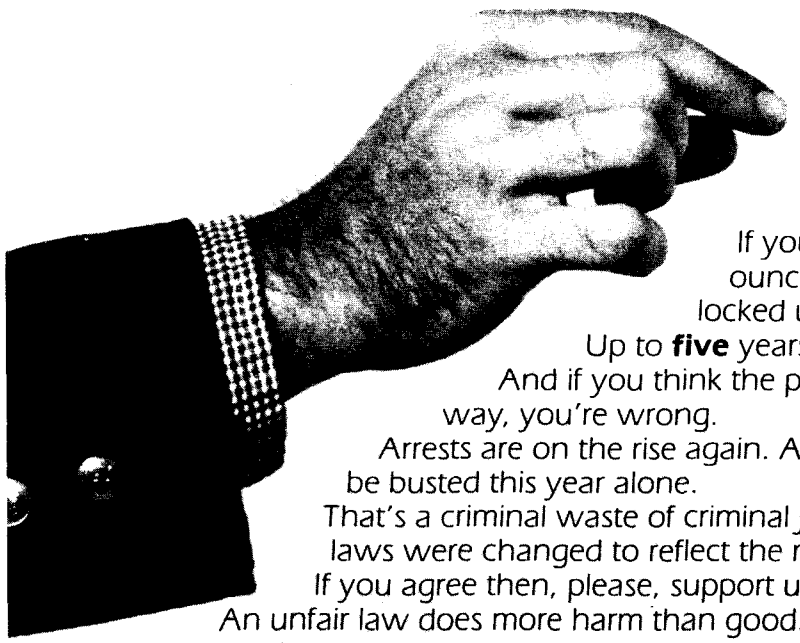

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POLITICAL EYE

Dispatch from Usameric

CHRIS HOCKER

KINGDOM OF USAMERIC, August 13, 781 — King Ronowald today issued a sweeping edict cutting individual tribute rates across the kingdom from 40 percent to 38 percent, and reducing the size of the national treasury by an estimated 35 billion groats from what had been projected for fiscal 782.

Hailing his edict as "a great step forward in getting feudalism off the backs of the people," the King claimed support from "all sectors of the kingdom — serfs, lords, and guild members."

King Ronowald's edict was the culmination of an intensive political effort initiated shortly after his accession to power in a bloodless revolution late last year. His predecessor, King Cartiac the Worried, had lost popular support in part because his projected national treasury for 782 was scheduled to be a record 720 billion groats. King Ronowald's treasury of 685 billion groats is also a record for the kingdom.

Despite the increase in the overall size of the treasury from fiscal 781, the King's supporters in the Hall of Counselors claimed "a great victory" and praised the King's deft political handling of the Counselors in gaining support for his edict. "We couldn't have gone any farther," said one Counselor who asked to remain unidentified. "The lords would never have stood for it."

Even so, the success of Ronowald's program represents almost miraculous progress from eight months ago, when details of the proposed edict were first presented to the Hall of Counselors' Joint Serfdom Committee. At that initial presentation, Arthur of Kurv, a key adviser to Ronowald, attempted to make the case be-

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fore the other Counselors for what he called "supply side serfdom."

"I thought I was going to be burned, beheaded, drawn, and quartered," recalls Arthur.

According to proponents of supply side serfdom, there is a point at which increased demand on the earnings of serfs will result in a decrease in overall revenue to the King's treasury. Thus, they claim, reducing the individual tribute rates will eventually guarantee greater income to the King, which can then be distributed to the various lords of the kingdom.

At first, however, most Counselors refused to go along with Arthur's theory. He recalls his testimony before the Joint Serfdom Committee: "I told them, 'Look, you just can't keep increasing the amount you take from the serfs.'

"'Why not?' they asked.

"'Because they'll have less and less to live on,' I said.

"'So what?' they answered.

"'So they'll die,' I said.

"'So what?' they answered. I'll tell you, it was frustrating."

Despite the frustration, Arthur and other Ronowald supporters gradually convinced several of the more powerful Counselors that it was in the kingdom's interest to keep serfs alive. Despite powerful opposition from Counselors still sympathetic to King Cartiac, Ronowald's efforts convinced enough Cartiac supporters to shift their loyalties and support the edict. These in turn became known among Cartiac loyalists as "bubonic plague carriers," but there were enough of them to provide the margin of approval Ronowald needed.

But their support was not without its price. In close negotiations with Ronowald and his men, the "bubonic plague carriers" demanded and received important concessions, including the King's protection of the embryonic linen industry and continued price supports for leek growers. The Counselors did not entirely hold the upper hand in the negotiations, however. Insiders have alluded to the King's subtle suggestions that Counselors who were particularly intransigent could find themselves burned, beheaded, drawn, and quartered.

All departments in the King's administration, save one, are scheduled to be affected by the cuts in the projected treasury. The one exception is the proportion of the treasury set aside for making war, which is slated for tens of billions more groats between now and 786. On several occasions since his accession to power, King Ronowald has warned of the increased military might of the Visigoths, saying at one point: "If there's one thing history has taught us, it's that Visigoths never keep their word. Turn your back for a moment and they're in there burning, looting, and pillaging. They're no better than a bunch of barbarians."

To counter the perceived Visigoth threat, King Ronowald and the Hall of Counselors have enthusiastically endorsed larger purchases of such conventional weapons as arrows, broadswords, and rocks, as well as the development of such high-technology items as the catapult. And, despite promises he made while attempting to oust King Cartiac, Ronowald may be seriously contemplating a return to the system of rounding up serfs, evicting them from their plots of land, and forcing them into the army. "We must build a fighting force which is capable of burning, beheading, drawing, and quartering every Visigoth in sight," he has said. Several of the Lords closest to him feel that such a force could only be maintained by the rounding-up process, since otherwise only landless or lazy serfs would volunteer. Under such a system, serfs who refuse to serve in the army would be burned, beheaded, drawn, and quartered.

King Ronowald's dual-pronged policy of reducing individual tribute rates while increasing the portion of the treasury spent on war in itself appears to be a departure from his immediate predecessors, but some in the kingdom say that the real change under Ronowald will be cultural and social. Among Ronowald's earliest supporters were vocal members of the Church, including the Bishop of Jerifal. The Bishop is clear about his intentions: "Under King Ronowald, we mean to stop the kind of degeneracy which is leading our kingdom down the path taken by the Roman Empire. People are starting to bathe more than once a year. You never would have heard of that when I was a boy. I've seen men wearing shoes with the points turned up. And worst of all is the easy availability of leeches, which even children nowadays are using just so they can 'feel good.' People who engage in this kind of behavior should be burned, beheaded, drawn, and quartered."

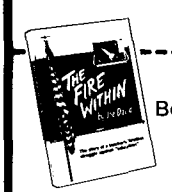
While the Bishop focuses exclusively on matters of personal behavior, other key Ronowald supporters are attempting to establish a link between the King's tribute and war policies and social standards. One such advocate is George of Gildur, whose handsomely illuminated manuscript *Pelf and Misery* not only makes a powerful case for supply side serfdom but relates this policy to the law of God. "Concentrating on the supply side," says George, "is as natural, holy, and right as for women to bear twelve children and lose all their teeth before they're thirty. It's the same thing, really. Just as we shouldn't demand more than fourteen hours of work per day from women, so that they can be ready when their men want them, we must carefully watch the amount of tribute we exact from serfs as a whole."

Despite the apparent novelty and popularity of King Ronowald's policies, a small number of critics within the kingdom have questioned whether they represent any real change at all. They point out that the reduction of individual tribute rates is really insignificant, that the number of groats in the treasury has continued to increase, and that the reallocation of spending priorities toward war represents no real change, but only an acceleration of trends begun under King Cartiac. They say that, in the long run, the power of the King and the Counselors will have increased while the plight of the serfs will be worse.

Ronowald's advisers shrug off this objection in much the same fashion as past advisers to past Kings. "In the long run," echoes the historic response, "We'll all be burned, beheaded, drawn, and quartered."

THE FIRE WITHIN
by Joe David

The story of a teacher's timeless struggle against "education"... against that evil ritual that cripples minds.



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COMMERCE DEPT.

The business of peace

SHELDON RICHMAN

Business people have been taken for granted for too long. They have been handed a package of political positions and have been expected to adopt it whole. Whenever a particular businessman deviates, he is regarded as eccentric; no one bothers to examine the package to see if it is coherent or if a deviation is warranted.

Here's a recent example: The Summer 1981 issue of *Policy Review* (The Heritage Foundation) published an article by Steven Lagerfeld on "An Anti-Business Business Magazine." The magazine is *Business Week*, which in fact frequently takes anti-market positions, such as supporting government-guided reindustrialization.

My reason for raising this as an example is that along with *BW*'s economic interventionism, Lagerfeld finds its foreign policy views "anti-business." Writes Lagerfeld, "The cold war is *Business Week's* bugaboo. The phrase appears often in titles as a kind of ominous portent. Thus, a special report on 'The New Cold War Economy' warned of the dire economic consequences of a strong defense policy: 'If the Administration is impelled to push defense spending even harder, it will have to... resort to mandatory wage and price controls and perhaps a system of materials allocation. Of course, these are the trappings of a wartime economy. ... '" (January 21, 1980)

Isn't this interesting? First Lagerfeld chides *BW* for advocating anti-market measures, then for warning that military spending will lead to anti-market measures. Both positions, according to Lagerfeld, are "anti-business."

This is not *BW*'s most serious offense, though. Lagerfeld hits *BW* for being blasé about the Soviet Union. "*Business Week* would like to forget the Soviet threat altogether — any mention of it is likely to be branded 'cold war hysteria' and discarded." Lagerfeld is upset that *BW* didn't welcome Norman Podhoretz's book, *The Present Danger*. *BW* wrote "Bluntly, Podhoretz's book is mostly an inflated piece of 1950s style cold war hysteria." (Aug. 18, 1979) The *BW* reviewer regards the Soviet threat as "narrow Russian imperialism that existed well before communism that would not disappear even if communism vanished."

Summing up, Lagerfeld writes that *BW* "assumes the march of history and progress favors the Left and falls in. Defenders of the free society or of capitalism are deprived of moral standing and hung with epithets, like 'cold warrior,' while the moral slate is wiped clean for those who are truly indictable."

I don't aspire to defend *Business Week;* its record of political-economic pronouncements is Carteresque.

There was a time when many business people vehemently objected to war and imperialism. This was regarded as a necessary extension of free market principles to foreign affairs.

What requires objection is Lagerfeld's combining of support for foreign interventionism with economic anti-interventionism. Stated this way, the contradiction is obvious. It is no coincidence that the word "interventionism" is used in both foreign and domestic affairs. In both cases, the state steals resources from the taxpayers and meddles in the affairs of others. And in both cases, high-sounding rationalizations cloak the intervention. In foreign affairs, conservatives seek to save the world from the satanic Soviet Union; in domestic affairs, liberals seek to save the people from want, discrimination, inequality, and so on.

The militarists could not always take business support for granted. In fact, there was a time when many business people vehemently objected to war and imperialism. This was not regarded as a peculiarity, as it is today, but as a necessary extension of free-market principles to foreign affairs. The British anti-imperialists Richard Cobden and John Bright were manufacturers. Businessmen such as Edward Atkinson were the vanguard of the Anti-Imperialist League in the United States during the Spanish-American War and the later Philippine rebellion, which American forces crushed. Atkinson tried to send anti-war pamphlets to U.S. troops, but they were seized by the Post Office. Atkinson's tone and language would today be regarded, at least by conservatives, as "leftist": "Much as we abhor the war of 'criminal aggression' ... we more deeply resent the betrayal of American institutions at home."

Later businessmen actively opposed U.S. intervention in World War I, World War II, the Korean War, and the Vietnam War. These included Henry Ford, Andrew Carnegie, Sears Roebuck's Robert E. Wood, Thomas McCarter, Henry Niles (Business Executives for Vietnam Peace), Harold Willens, and Lindsey Mattison. But by the post-World-War-II period, the Buckleyite right had been able to persuade many business people that all interests must be subordinated to the coming Armageddon with the Soviets. I do not mean to imply that until this time all business people were antiwar. Munitions manufacturers have a long history of supporting war for obvious reasons. And other business people have believed that imperialism is a valid way to secure foreign markets. But this was not a unanimous position in the business world.

Business people have based their objections to war on various grounds. Some have realized that their ability to prosper is jeopardized by a military establishment that has first claim on resources. Others have objected in principle to

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the U.S. government's attempting to orchestrate world affairs. Still others have recognized that these "moral" and "practical" objections are two sides of the same coin. Regardless of the reason, anti-interventionism historically has not been an "anti-business" or "leftist" position; only recently has it been regarded as such.

With President Reagan in office, it is an unlikely time for business people to criticize foreign intervention. But it is happening. Several large corporations doing business in Africa are opposing Reagan's policy in Angola, South Africa, and Libya. It seems that regardless of the character of these governments, they want foreign investment. Firms such as Gulf Oil Co. are worried that lucrative enterprises could crumble if Reagan pursues interventionism. For example, Gulf has substantial oil interests in Angola, where according to Reagan, 20,000 Cuban troops support a Marxist, Soviet-backed regime. The U.S. has attempted to shake the government by supporting UNITA, a dissident movement led by Jonas Savimbi. In opposing the Reagan policy, Gulf has gone so far as to testify in Congress against repeal of the Clark Amendment, which bans clandestine aid to UNITA.

Gulf and the other firms fear that U.S. policy could bring civil war to Angola. "It's up to the Angolans to change things in their country if they want to, not us," said P.W.J. Wood, Cities Service's vice president of exploration and production. "If they have a civil war going on there, it's none of our business."

The situation is similar in Libya, where several large oil companies operate the oil business with the Libyan government. The U.S. government is trying to isolate Libya's Col. Qaddafi and scare U.S. business out. It isn't working: When the U.S. government expelled Libyan officials from the U.S., Qaddafi told the firms there would be no retaliation against them. Said one American executive, "We have nothing to do with the politics of this place. We're just trying to make a buck."

In South Africa, the story is the same. In June, a dozen business and foundation executives met with Oliver Tambo, president of South Africa's oldest and best known black political organization, the outlawed African National Congress. According to *The Washington Post*, "The turnout for Tambo is regarded as a signal that the companies involved want to be prepared for whatever comes in South Africa." *The Post* quotes a Ford Motor executive as saying, "Business has moved a long way toward a comprehension of Africa that goes beyond labels and stereotypes. The result has been corporate actions that would have been unthinkable just three years ago." How ironic this must seem to the student socialists who so sorely object to investment in South Africa.

I don't mean to imply that these business people are necessarily taking a non-interventionist position for the right reasons, or that they are now consistent proponents of laissez faire. They are not. What matters is that in these particular cases, their economic interests have led them oppose U.S. intervention in Africa. That is significant in that it gives advocates of non-interventionism something to work with when we proffer our view.

Secretary of Defense Caspar Weinberger has lately been talking about the need to gear up the "industrial base" so that $1.5 trillion *a year* (half the GNP) could be spent on the military during a long war. This would be a monstrous seizure of the economy by the state; everything would be subordinated to the interests of the military-industrial establishment.

In rallying opposition to Weinberger's death warrant for liberty, libertarians must enlist business people and show them how much they have to lose. Doing this will require that the "leftist" stigma attached to anti-war and anti-imperialist activities be removed. This can be done by tracing the catastrophic consequences of the war economy and by citing the long and honorable anti-war record of libertarians and classical liberals. It is at our peril that we allow the free market to continue to be associated with the warmongers. ❑

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WHERE BIGGER DOES BETTER

How the USDA Inflates the American Farm

ALAN CRAWFORD

Last year alone, more than 37,000 farmers went out of business in the United States. Between 1950 and 1955, more than a million Americans left the land and moved into the cities. The farm population has dwindled from a peak of 7 million in the mid-1930s to about 2.8 million today.

The size of the average farm in America has meanwhile grown from about 197 acres in 1940 to three times that at the time of the 1974 Census of Agriculture, though today's typical successful farm is much larger, consisting of 3,500 acres with $.5 million dollars in machinery and $3.5 million in assets.

Farms are not only getting bigger and fewer, but the few big ones that remain are accounting for an increasing proportion of agricultural output. Farms grossing $100,000 or more each year have increased from 23,000 in 1960 to 162,000 in 1972. The Senate Agriculture Committee, in a study of the status of the small farm in America, discovered, "Farm numbers are declining, farm sales are increasing, and farm production and sales are becoming more concentrated; 125,000 farms accounted for half of all farm sales in 1974, which required 205,000 farms a decade earlier." More than that, the smallest farms — those earning $20,000 and under annually — now must derive 80 percent of their incomes from non-farm sources, a fact which led former Agriculture Secretary Bob Bergland to say that small farmers are now "on the endangered species list."

The face of American agriculture is indeed changing rapidly — rapidly enough to give rise to real anxieties as well as to false alarms. The conventional wisdom notwithstanding, American agriculture is not being taken over by faceless corporations ruthlessly driving traditional family farms into bankruptcy. The percentage of corporate operations is roughly the same today as it was 50 years ago, and almost all of the 2 or 3 percent of farms that are corporations are family owned and operated. Conglomerates that enter farming, the Senate committee found, have a "long and dismal" record of failure, with returns on conglomerate farm investments rarely rising above 4 percent.

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Family farms of whatever size still make up about 95 percent of all farms and account for two-thirds of all agricultural production. Again, the Senate committee: "Eighty percent of privately held farming corporations had five or fewer shareholders [in the late 1970s]. Farming is the primary and often the only business of these corporations. Corporations are frequently operated similar to partnerships and often are formed to preserve the family farming operation by facilitating the transfer of assets between generations."

What *is* happening, however, is no less sinister. Under government prodding, farming in America has become increasingly mechanized, industrialized, and capital-intensive — which might be good or bad, were it not for the heavy involvement of the state. Federal policies have thoroughly distorted real market conditions and erected in their place a byzantine system of subsidies and regulations so complex that only the largest operators are benefiting from them.

Welfare for the rich

In a classic case of government policies designed to achieve one result achieving precisely the reverse, legislation supposedly aimed at preserving the small farmer has in fact worked to destroy him and subsidize his largest and stiffest competitors.

Government policy has created a system of subsidized research, subsidized credit, subsidized utilities, and 50 years or so of government-supported prices. "Whatever else this may be," says Richard Wilcke of the Washington-based Council for a Competitive Economy, "it's never been free enterprise." Small farmers in America do face a crisis, but the culprits are less mysterious middlemen, "agribusiness" vultures, and faceless corporate executives than they are members of the federal government, working through the United States Department of Agriculture, the land-grant colleges, and uninformed but sometimes well-intentioned

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legislators whose programs ultimately are turned by the largest farmers to their own advantage.

Much of this, ironically, has been borne out by official studies—one, conducted for the Southern Regional Council by F. Ray Marshall (Secretary of Labor under President Jimmy Carter) and Allen Thompson (a University of New Hampshire economist). In "Status and Prospects of Small Farmers in the South," they found that the "present agricultural system is dominated by certain actors who attempt to maintain control primarily for their own benefit," actors who include the "large farmers and their organizations, the U.S. Department of Agriculture, the land-grant college system, food processors, agricultural equipment dealers, key congressional representatives and senators" who "share certain values" about how the system should operate. Working in close cooperation they have created a system that features:

* Farm research at land-grant colleges which increases the acreage required for optimal operation,
* Subsidized credit practices which are reluctant to make loans to the small farmers for whom they were designed,
* Technical support services provided by county extension agents to large farmers but not to small ones,
* Tax policies that provide land and equipment subsidies to well-heeled nonfarmers seeking tax write-offs and to large farmers.

These and other policies—including commodity support programs that guarantee prices to agricultural producers—have created market distortions that are almost unfathomable. American consumers this year will, for example, pay $3 billion more for dairy products than market conditions require, despite the largest surplus of milk products in history. Dairy farmers are turning out so much cheese, butter, and other products that the government will spend another $1 billion just to purchase and store the surplus. The rationale for this is questionable, since the consumption of milk in this country continues to decline and is now outstripped by the consumption of soft drinks and beer. Just to make sure the milk producers get the prices they want, the government will pay them $1.5 billion this year over what the market would bring.

Even so, the federal government, working through the land-grant colleges, is busily encouraging still greater production. Herds are increasing for the first time since the 1950s, with the average dairy cow today producing twice as much milk, thanks to technological breakthroughs. Research at the University of California-Davis, meanwhile, according to *The Wall Street Journal*, has come up with a system under which cows will now have as many as 11 calves a year—which the reseachers, if not the cows themselves, consider a marvelous improvement over the customary one.

"Get big or get out"

Though the express purpose of much of the legislation affecting agriculture has been to preserve the small farmer, overall policy has, intentionally or otherwise, been afflicted by a big-farm bias. Government involvement in agriculture goes back to at least the 1850s, when the U.S. granted land for the construction of the Illinois Central Railroad. To boost its own profits, the Illinois Central financed new farms through easy credit and cheap freight rates, even dispatching agents to Europe to encourage immigration. After J. P. Morgan organized farm equipment manufacturers into International Harvester, the industrial revolution overtook agriculture, and production soared.

During World War I, Herbert Hoover was appointed to head the new Food Administration and, as "food czar," instituted the most thorough-going price-fixing in American history, cartelizing the industry and branding those who sought to undersell the fixed prices as unpatriotic. "The inspiration and model that [the Food Administration] furnished a Corporate State in America," Murray Rothbard has written in the essay "War Collectivism in World War I," published in *A New History of Leviathan*, "continued to guide Herbert Hoover and other leaders in the 1920s and was to return full-blown in the New Deal and in the World War II economy."

After Franklin Delano Roosevelt succeeded Hoover as President, the surpluses stimulated during World War I and the '20s continued. To keep prices up, FDR acted to restrict production, encouraging farmers to plow under every other row of grain and to slaughter baby pigs—while the city populations faced food shortages. Another scheme for dumping the surpluses was the Food for Peace program, and the use of food-as-a-weapon of foreign policy became increasingly frequent as international markets dependent on United States exports were developed. Once those markets appeared, pro-business Republicans worked to encourage production, to the considerable disadvantage of small farmers—even those who maintained efficient and independent small-scale operations at a profit, selling to local markets.

"Get big or get out" was how Eisenhower's agriculture secretary Ezra Taft Benson put it. The term "agribusiness," in fact, was coined not by leftwing critics of agricultural concentration but by John W. Davis, Assistant Secretary of Agriculture under Nixon and Butz. (Davis even urged "corporate control to 'rationalize' agricultural production," in words strikingly similar to those employed by Progressive Era industrialists who had urged the cartelization of industry to "stabilize" markets and stifle competition.) One result of this trend was the opening up of grain sales to the Soviets and their eventual embargo. As Wendell Berry, a farmer himself and one of the nation's most trenchant critics of agribusiness, has written in *The Unsettling of America:*

> The militarizing of food is the greatest threat so far raised against the farmland and the farm communities of this country. If present attitudes continue, we may expect government policies that will encourage the destruction by overuse of farmland. This, of course, has already begun. To answer the official call for more production—evidently to be used to bait or bribe foreign countries—farmers are plowing their waterways and permanent pastures, lands that ought to remain in grass are being planted in row crops. Contour plowing, crop rotation and other conservation measures seem to have gone out of favor in official circles and are practiced less and less on the farm. This exclusive emphasis on production will accelerate the mechanization and chemicalization of farming, increase the price of land, increase overhead and operating costs and thereby further diminish the farm population.

The chief engine of the agricultural industrial revolution has been the Department of Agriculture (USDA) itself, working through its extension services and the land-grant college system established by the Morrill Act of 1862. Both systems demanded that the farmer perpetually modernize to keep pace with research done at the agriculture schools; the extension services, created through the Smith-Lever Act in 1955, even introduced into law the land-grant college philosophy that a farm can be "too small" to suit national purposes. "The whole theory behind USDA has been for us

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to get bigger, more efficient, more productive—to replace labor with one big machine," an American Agriculture Movement spokesman claims, his sentiments echoed by one House Agriculture Committee staffer who says that government-sponsored research has produced "a capital-intensive, technological farm industry that has driven out the small and medium-sized farmer. We've created machinery and expensive fertilizers, herbicides. Only the big corporate farmer can survive in this system."

USDA approved

The role of what Lincoln called the "people's department," since 78 percent of the population were farmers when USDA was created, cannot be overestimated. In 1862 it had nine employees and a $64,000 budget, existing primarily to distribute seeds to farmers. Today, with 81,000 employees and a $24 billion budget, it spends two-thirds of its budget to feed school children and issue food stamps. The rest of the time it functions as an adjunct of the nation's largest farmers, those who need government assistance the least — and, consequently, represents a subsidy to the small farmer's stiffest competition.

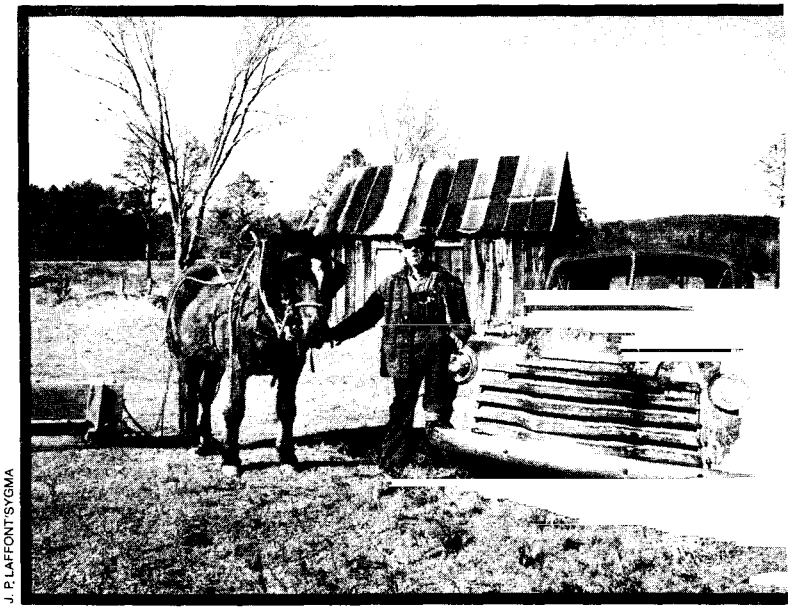
Vast amounts of USDA money are spent on studies conducted by its $29 million Economic Research Service. Studies to determine the most popular vegetable grown in backyard gardens may seem harmless, but others, like "Fast Food in Japan — A Billion Dollar Industry," represent explorations of market potential, here and abroad, for huge corporations perfectly capable of financing their own research.

USDA research continues to fuel the agricultural revolution, and its effects have almost always encouraged concentration and have discriminated against the small operator. Subsidized research has allowed poultry to be raised by the thousands in a minimum of space, to give but one example, but the resulting "economies of scale" have pushed small chicken breeders out of the competition.

The regulations that have resulted from USDA research have similarly discriminated against small farmers. It is no longer legally feasible to sell milk if you only have a few cows. The equipment required by law is simply too costly. The market for small-scale dairy operations, Berry has written, "were done away with in the name of sanitation — but, of course, to the enrichment of the large producers." As in any enterprise, regulations drive up costs of production and act as an indirect subsidy to large institutions.

The paperwork required of farmers by USDA is similarly costly, though its usefulness is often questionable. One study has found that there is no evidence that information obtained to certify that cancer-causing chemicals are not present in processed meat has been put to any use whatever, despite the expenditure of over 150,000 man-hours and $2.2 million by agriculture-related businesses in a three-year effort to comply.

Probably the greatest contributor to the decline of the small farmer is the program of commodity support systems explicitly designed to save the small farmer by buffering his profits against price fluctuations. According to the Senate Agriculture Committee, the program in 1978 "increased net returns to participating farmers, but the benefits favored larger producers because payments were related to individual farm size and acreages planted. About $2 billion were disbursed in program payments, the largest amount since 1973. Almost half of the payments went to only 10 percent of the program participants, those with the largest farms. In contrast, 50 percent of the farms—those with smaller units — received only 10 percent of the payments." The General Accounting Office reached similar conclusions, noting that the system has "encouraged farmers to increase their farm size and specialization. This resulted in an overall reduction in the number of farms."



J. P. LAFFONT/SYGMA

Fewer and fewer small farms are profitable. This Arkansas man uses a horse for plowing and transportation: it's cheaper.

Even the notorious Beekeeper Indemnity Program, which pays beekeepers when their bees are killed, pays 95 percent of its benefits to 2 percent of the nation's beekeepers. The National Tax Limitation Committee found that even farm disaster payments "tend to be distributed to a very few producers, who often receive payments on a regular basis."

Barriers to entry

Tax policies have also encouraged the growth of farms and the elimination of small operators. Estate taxes have represented a huge barrier to the maintenance of a small farm within a family. When a farmer dies, his heirs are faced with taxes on the land's highest potential value as determined by the IRS. Thus, heirs to a farm that earns maybe $40,000 a year may face taxes on $750,000 in assets, since the land is probably worth considerably more to a suburban developer. The heirs often have to sell the estate just to pay the taxes, which encourages ownership to be transferred out of the family to corporations of stockholders or other multi-ownership arrangements—which is ironic, since the estate tax system purportedly was designed to discourage vast holdings of wealth. On the contrary, it is now contributing to the creation of a new landed gentry and blocking entry by young competitors.

Inflation must be taken into account as well. A farmer with a net income of $10,000 in 1975 will have to earn twice that in 1985 just to keep pace, yet the price of his equipment continues to escalate. This is in large part because of the increasing sophistication of equipment, geared, as technological advances tend to be, to the largest operators. A medium-sized combine, which cost about $28,000 in 1975 now costs about $47,000—an increase of 74 percent. Mounting energy costs, which can be traced to government distortions of the market, represent a similar obstacle.

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Diesel fuel sold for 40 cents a gallon in 1975 and today costs a dollar, or 150 percent more. Electricity bills facing farmers have more than doubled since 1970, and average diesel fuel bills in 1980 were 12 percent higher than they were the year before.

The devastating effects of inflation are felt most acutely, perhaps, in land values. As farms have increased in size, real estate values more than doubled between 1970 and 1973. In 1979 alone, more than 3 million acres were lost to development, increasing the demand among farmers for farmland. Two years ago, between 400 and 500 acres were required for a better-than-subsistence living — land that went for between $400,000 and $500,000 — an investment clearly beyond the means of most young farmers, greater in fact than that required to finance medical school. The skyrocketing value of farmland, therefore, represents a barrier to entry and, as such, is one of the most serious consequences of government policy. Soaring costs of production and the barrier to entry that they represent constitutes what *Newsweek* has called "the most important question facing American agriculture. High interest rates, soaring prices for land, machinery, fertilizers and pesticides, and the very fact that farmers must operate on a large scale to be fairly confident of a regular profit, make it difficult for operators of small- and medium-sized farms to expand, and even tougher for young farmers to get started."

Perhaps the worst case can be found in the South where commodity supports are based on historical production patterns and, according to Blaine Harden in *The Washington Post,* consequently have "turned the tobacco-growing South into a kind of feudal world where the right to grow tobacco is strictly limited and passed from father to son like

"With friends like this..."

There is no hope of a return to a freer system until the leaders of the movement against state control are prepared first to impose upon themselves that discipline of a competitive market which they ask the masses to accept.

—F. A. Hayek

On March 20, 1981, that champion of "conservative" causes, Sen. Jesse Helms (R-N.C.) delighted the delegates to the 34th annual meeting of the Tobacco Associates with this message: "I make this commitment to you: The protection of the economic security of our tobacco growers, and all others who make their livings in tobacco, will always occupy a top priority with me—far above and beyond any partisan considerations. ... Tobacco is fortunate in that those of us who care so much about it are 'in' positions which impact so decisively upon the Federal tobacco programs....[O]ur goal is to make tobacco farming more profitable, and to keep it profitable — to enhance the profitability of tobacco farming we must maintain a strong tobacco program."

Since he was sent to the Senate in 1972, Jesse Helms has cultivated a reputation as a staunch defender of private-capital, free-market, limited-government economics. *U.S. News & World Report* called Jesse Helms "the uncontested leader of the Senate's now-sizable conservative bloc" and "the self-appointed protector of conservative values within the Reagan administration." A recent sample of a Helms-style defense of free-market economics is offered in a speech delivered to the National Conservative Political Action Conference (NCPAC) in Washington on March 21, the day after the Senator's remarks to the Tobacco Associates. On that occasion, Sen. Helms explained the relationship between the "new" supply-side economics and the "old" Keynesian economics: "We can bandy around all of the words we want to — supply-side and all the rest of it — but when you get right down to it, we are talking about socialism versus the free enterprise system." Ostensibly to force some monetary discipline on government, Sen. Helms has introduced a bill that would reinstate gold as the nation's monetary unit. The *Congressional Record* reported that Sen. Helms introduced his gold standard bill with the argument that it "would provide for the removal of politics and manipulation from the monetary system."

To the grave harm of the nation, "conservative" politicians so often have mouthed free-market principles but practiced special-interest pleadings that much of the public has wrongly identified the two as one. For this reason, Sen. Helms's hypocrisy can not go unchallenged by those who are firmly convinced that a closer approach to free-market economic practices is essential for restoring progress in America.

In Raleigh, Sen. Helms's commitment to free-market economic principles evaporated on contact with his powerful, special-interest tobacco constituents. He enthusiastically endorsed the following federal government interventions in the economy for the benefit of the domestic tobacco industry.

Price Supports. Nonrecourse loans administered through the Commodity Credit Corporation establish a minimum price floor for tobacco producers. If the market price falls below the floor price, the government will purchase the commodity at the higher support price. Surpluses so purchased by the government are stored at taxpayer expense, to be sold only when prices rise above the floor price. Taxpayers' funds are the means by which the government purchases and holds the "surplus" tobacco, at no expense to the tobacco growers. At a time when interest rates on short-term borrowings are 15 to 20 percent, this "free" money for tobacco interests has a high cost to U.S. taxpayers.

Acreage Allotment and Market Quotas. These programs restrict the amount of tobacco that each farmer can grow or market and thus limit the total supply of tobacco offered in markets. A restricted supply of any commodity fosters higher prices than would prevail under free-market conditions. To gain farmers' cooperation, the federal government imposes a penalty charge equal to 75 percent of the average market price for the previous year on tobacco sales in excess of specified allotments.

Export Promotion. The U.S. tobacco industry is the world's largest exporter of tobacco. The federal government provides export credit financing at below-market rates of interest in order to boost exports of tobacco. In addition, the government supports promotional activities abroad on behalf of the domestic tobacco industry. Sen. Helms proudly told growers, "tobacco farmers ... benefit immensely from [the government's] export promotion efforts."

Import Restrictions. The federal government imposes a tariff on foreign tobacco imports. This tariff protects inefficient domestic producers (the efficient ones could succeed without protection), forces consumers to pay higher prices, and, as is the situation with all import restrictions, impedes attainment of the benefits of general free trade. At the Tobacco Associates meeting, Sen. Helms referred to foreign tobacco products as "scrap imports," and he rationalized continued federal protection of "our tobacco" because of supposedly unfair "subsidized foreign competition."

Tobacco Producer Cartels. The federal government organizes, supports, and protects domestic tobacco producer cartels. Nonparticipants in these "voluntary" cooperatives are penalized. Of course, the very purpose of cartels is to prevent competition.

Research and Extension Services. The federal government provides free market news reports and other forms of information to tobacco producers, and it funds research projects to improve the "quality" of domestic tobacco.

Before Sen. Helms rightfully can call himself a leading guardian of free-market economics, the Senator evidently must learn what free-enterprise economics constitutes. A free-enterprise economic system does not promote the special interests of any group at the

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a sacred birthright." The Senate Agriculture Committee says the 1978 subsidies "brought higher farmland values that benefited existing landowners and further contributed to existing requirements for beginning farmers — a barrier to entry. Over time, these programs probably increase the capital requirement and tend to... further impede the entry of the young farmers," a conclusion for which ample evidence exists. Only slightly more than half of the older persons leaving farming for retirement or other reasons between 1964 and 1974 were replaced by younger farmers. The average farmer today is in his 50s, and by the time of the 1974 Census of Agriculture, 930,000 farmers had left the land to be replaced by only 475,000 under 35 years of age. As one Minnesota economist told USDA in recent hearings: "Those that got are getting more; those that don't got, aren't going to get."

Defending the corporate state

Apologists for agricultural concentration and the system that has produced it defend practices such as these on the grounds that American farming, under these policies, has become the marvel of the world. To a point, this is true. The 2.8 million farmers who remain in business today represent only 3 percent of the population, yet they feed and clothe the other 97 percent. Every farmer feeds nearly 70 other people, about 20 of them in other countries. Grain and wheat production has tripled in recent years, and corn production has gone up 75 percent. Agriculture remains America's biggest industry, with total assets amounting to $790 billion: over three-fourths of the capital assets of all American manufacturing companies. Farming provides the one bright

expense of others. A free-enterprise economic system does not include policies to ensure profits to specific domestic industries by keeping out what Sen. Helms calls "subsidized foreign competition... and the 'scrap' [tobacco] imports." Free enterprise is not a system in which the coercive powers of the state are used to limit an individual farmer's freedom to plant whatever amount of tobacco he chooses. Free enterprise is not a system that uses taxpayers' money to "support" the prices of certain commodities. And the free-enterprise system is not a system that uses the power of the state to set up, promote, and protect producer cartels.

As the foregoing list of tobacco programs clearly reveals, the system Sen. Helms has vowed to preserve and protect is not the free-enterprise system at all. The system he defends is something else: State capitalism? The mixed economy? Neo-mercantilism? The New Deal? Why not the latter? This Republican "leader" of Senate conservatives is defending the very tobacco program that was a key component of Franklin D. Roosevelt's New Deal-era Agricultural Adjustment Acts.

This is the Sen. Helms who is famous in conservative circles for his fierce opposition to wasteful government spending on social-welfare programs. This is the Senator with the reputation for demanding "fiscal responsibility" within the federal government. In opposing government spending for social-welfare programs while advocating government welfare schemes for tobacco growers, Sen. Helms invites charges by "liberals" that "conservatives" are not opposed to socialism, rather they oppose socialism for the poor but advocate socialism for the rich. Jesse Helms has provided the critics of private-capital, free-market economics with a powerful weapon against free enterprise, notwithstanding that free enterprise is implicated by association only, not in fact.

A free-enterprise economic system is more than a system to accumulate profits. When one is attracted by the potential reward of profits that private-capital, free-market economic systems offer to producers who wisely use the nation's resources to provide consumers with something they want, one must also be willing to accept the harsh judgment that economic freedom imposes on the wasteful and inefficient. For resources to be allocated to their most useful purposes, losses and failures are as essential as profits and successes. Free-market economics requires the capitalist to bear the entire loss and suffer the consequences of wrong decisions. The ebb and flow of productive ventures is essential for keeping the economy changing appropriately in an ever-changing world. But when the state intervenes in markets, it reduces the risks of the favored capitalists. Government intervention forces taxpayers collectively to become unwitting partners in taking the risks of business ventures but reserving to the special-privileged producers the potential reward of profits.

The list of government interventions in the tobacco industry does not include another form of federal involvement. Sen. Helms denounced that form in his speech to the tobacco producers: "We still have the Ted Kennedys, the Gary Harts, and the Howard Metzenbaums ... these Congressional liberals [who] have an obsessive political opposition to tobacco." The list of "liberal" government programs Sen. Helms finds so indefensible includes use of taxpayers' funds to discourage tobacco consumption, to support medical care for smoking victims, to fund research into the adverse health effects of smoking, and to ban television cigarette advertising.

Sen. Helms evidently fails to see that the fundamental problem is not the "liberal" anti-tobacco forces; it is that the taxpayers are being forced to finance interference in the tobacco industry. On one side of the issue, the Department of Agriculture subsidizes and promotes tobacco consumption. On the other side, the office of the Department of Health and Human Services is at work attempting to reduce smoking. To taxpayers, these contradictory actions must seem nonsensical. But to those who benefit from this resource shuffle, it is totally sensible. The tobacco producers benefit; the anti-smoking lobby benefits; Sen. Helms and other Senators and Congressmen from the 25 tobacco-producing states benefit; Sens. Kennedy and Hart and the other anti-tobacco Congressmen benefit; and the bureaucrats who administer the programs benefit. Only American taxpayers and consumers pay. ❑

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J. P. LAFFONT SYGMA

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J. P. LAFFONT/SYGMA

Families still own and run 95 percent of all U.S. farms.

spot in our balance of trade. Americans export more wheat, corn, and other coarse grains than the rest of the world combined. Exports have tripled in the past six years, to almost $27 billion.

These same apologists, in fact, so celebrate the government-promoted concentration that small farmers don't even count by official estimates. Purdue's Don Paarlberg, who served as Richard Nixon's chief economist at USDA, has written off small farmers as "people on the fringe," and a federal commission on food and fiber policy, as reported by the *Louisville Courier-Journal,* concluded that the country's greatest agricultural problem is a surplus of farmers, that "too many people are trying to live on a national farm income wholly inadequate for them." (The commission's proposed solutions were predictably bureaucratic — government programs to find "better opportunities for farm people," a " more comprehensive national employment policy," "retraining programs," and "improved educational facilities," among others.)

But even as farms have grown larger, the rationale for their growth is increasingly weak. While it is a fact that production has seen remarkable gains in recent decades — increasing 150 percent between 1960 and 1970—it has since leveled off. Beyond that, USDA itself has found that the middle-sized family farm is every bit as efficient as the very large farm. There is mounting evidence, in fact, that beyond a certain level, the much-touted economies of scale do not apply. "Farming offers no great operating efficiency from large-sized units," USDA economists Harold Biemyer and Wallace Barr have written. "Scale economy in crop production is handicapped by space and distance. There are cost disadvantages in farming acres located far from headquarters." A Ralston-Purina official admits that the individual farmer or family corporation "can meet and even surpass the efficiency of the largest units that operate with hired management." A USDA report stated in 1968 that maximum efficiency generally is achieved "at a relatively small size of operation and remains more or less constant through the very large size range," and concluded that economies of scale already exist on today's "modern and fully mechanized one-man or two-man operation." In materials submitted to the Senate's migratory labor subcommittee, USDA in 1972 found that the optimum size for a California vegetable farm was 440 acres — then one-eighth the size of the average vegetable farm in the state.

Even so, it is not likely that we will see any slowdown whatever in the agricultural revolution being stoked by the federal government. "Agriculture is in perpetual revolution," says Lawrence Rappaport of the University of California at Davis, "and there is no end in sight." Charles E. Hess, Rappaport's colleague at UC-Davis, believes there are "likely to be just as many dramatic changes in agriculture as we have seen in the past few decades."Researchers are already at work on computers to be swallowed by cattle, the better to monitor their internal workings, while scientists are so rapidly changing the nature of fruit trees that present varieties are obsolete even before they are grown.

Equally important, the present system has already spawned its own class of agribusiness beneficiaries, many of whom are intimately involved in making the policy that governs farming. Before becoming Richard Nixon's agriculture secretary, Earl Butz was a well-paid board member of Ralston-Purina and Stokely Van Camp. When former Senator James Eastland sat on the Agriculture committee, he was paid over $100,000 a year not to grow corn. Senator Jesse Helms was the executive vice president of the Tobacco Radio Network from 1960 to 1972. Senator John Heinz of Pennsylvania, besides being a member of the food company family, has been a sales representative for International Harvester of Australia. Senator John C. Danforth, one of the richest men in the Senate, is a Ralston-Purina heir. Senator Ed Zorinsky (D-Neb) was a tobacco wholesaler. And Senator Roger Jepsen was executive vice president of Agridustrial Electronics from 1973 to 1976. The largest farmers contribute enormous amounts of money to political candidates sympathetic to their interests. In 1976 the dairy lobby contributed more to political campaigns than did the United Auto Workers, the AFL-CIO, or the oil and gas lobbies.

No change in sight

Arrangements like these can make for stiff opposition to any change in the present system—even to the minor budget cuts for price supports recommended earlier this year by the Reagan administration. The fate of those recommendations speaks volumes. Within weeks after the administration announced plans to trim $285 million from subsidy programs, the Republican-controlled Agriculture committee nevertheless tried to bust the budget and substitute for it one that would cost about $1.6 billion more than the President wanted. Kansas Senator Robert Dole, a conservative Republican, highmindedly opposed a hike in dairy price supports on the grounds that "The President won't stand for it" — then pushed through his own program for wheat and grain producers that he admitted was "not supported" by the White House, though it would have doubled planned expenditures. Equally remarkable, the peanut subsidies were saved by none other than that ardent champion of free enterprise capitalism, Jesse Helms of North Carolina. As Helms explained, he too has his "special interests."

Special interests. Republicans, Democrats, and the vast machinery of the U.S. Department of Agriculture, all working together in a concerted effort to cartelize American agriculture. Individual small farmers are sometimes permitted to share the crumbs left over from the subsidies, supports, and "free" research designed to help big agribusiness; some of them, too, attempt with varying degrees of success to break into the ranks of the "special interests." But given a continuation of the kind of government policy which has dominated American agriculture almost from the beginning, the interests of small farmers may soon be known by another adjective: obsolete. ❑

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Exploiting the Folks Next Door

A Look at the Bracero Program

JENNIFER ROBACK

On July 30 of this year, President Reagan issued a statement on immigration and submitted a legislative package to Congress, "designed," as he put it, "to preserve our tradition of accepting foreigners to our shores, but to accept them in a controlled and orderly fashion." The package, he told the nation, was the result of the deliberations of a task force on immigration and refugee policy which he had asked Attorney General William French to chair in March, of discussions with President Lopez Portillo of Mexico, and of consultations with Congressmen and members of the public from areas affected by U.S. immigration policy.

To no one's surprise, the suggested legislation, while providing for citizenships for illegals who have been in the country for more than 10 years and for "employer sanctions" (fines of up to $1000 per illegal employee) and stricter enforcement of immigration laws, also would initiate a "guest worker" program which would admit 50,000 Mexicans a year for two years, such workers to be "guided," said *The New York Times* account, "into states and industries where their labor was needed."

Even so, according to another *New York Times* story on July 31, "The idea of a temporary worker program angers Hispanic-American and labor union leaders, who fear some constituents may be displaced in the job market." And an NBC News report on the evening of July 30 quoted Spanish-American opponents of the scheme as comparing the guest worker program to the *bracero* program of 1942 to 1964, which, they said, exploited Hispanics in "sanctioned slavery."

What is the tradition of accepting foreigners to our shores, to which the President's statement referred?

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ERIGIDO POR LAS DIRECTORAS REGIONALES DE LAS MESAS REDONDAS PAN AMERICANAS DE TEXAS 14 DE ABRIL DE 1935
BOUNDARY OF THE UNITED STATES RE-ESTABLISHED
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Conceived in racism: the bracero program

For the first hundred years of its existence, the United States pursued an open immigration policy. The first piece of restrictive immigration legislation was passed in the nineteenth century — the Chinese Exclusion Law of 1882, which forbade the further immigration of Chinese for the next ten years. (The law was extended and was not repealed until 1943.) With this inauspicious beginning, immigration law has become a body of law used against minority groups, both foreign and domestic, and it has continued to create racial and ethnic inequalities. And one of the low points in the discriminatory history of immigration policy was the precusor of President Reagan's guest worker program, the *bracero program of temporary workers.*

The temporary worker program was initiated during World War I in response to wartime labor needs. Interestingly enough, the Immigration Act of 1917, the most restrictive immigration legislation the U.S. had ever had, curtailed the free movement of Mexicans into American fields and factories just at the time an additional supply of labor was needed. Rather than realize that the Act's new literacy requirement and the increased head tax were causing an unexpected labor shortage, the government established a temporary worker program to provide a controlled flow of labor to meet defense priorities.

Agriculture was the business most severely hurt by the combination of immigration restrictions and the war. Mexican labor was cut off at the border and domestic labor was seduced by the more lucrative wartime industrial jobs, so growers mounted a hysterical plea for some relaxation of the immigration restrictions. The Secretary of Labor, W.B. Wilson, found the authority he needed in the ninth proviso of the third section of the Immigration Act of 1917, which said that the Secretary of Labor could "control and regulate the admission and return of otherwise inadmissible aliens applying for temporary admission." Because the restrictivist ink was barely dry on the legislation when this exception was discovered, many Congressmen protested that the spirit of the law had been violated. Instead of making the obvious reply that said law had created a labor shortage in agriculture, Wilson responded that his move to waive some of the new regulations was judicious because it would end the growing agitation for the repeal of the Chinese Exclusion Law. Wilson wrote to a disgruntled Congressman,

> From many sources we were being pressed to encourage the migration of Filipinos, Hawaiians and other labor of similar character, and to secure the suspension of the Chinese Exclusion Law so that Chinese might be admitted... to supply the deficit of farm labor alleged to exist on the Pacific Coast and along the Mexican Border. Of course, we could not yield to importunities of that kind. We have all the race problems in the United States that it is advisable for us to undertake to deal with at the present time.

In other words, market forces were working to end the discriminatory Chinese Exclusion Law, and the Secretary of Labor intervened to preserve it.

The workers imported under the temporary worker clause had to meet all of the usual admission requirements except the literacy test and the head tax. The temporary worker program was really a contract labor program, and a long-standing prohibition against migrant contract labor had been specifically relaxed for it. In the approved industries, "agricultural pursuits, maintenance of way on railroads or lignite coal mining," employers had to apply to the U.S. Employment Service and certify that a local labor shortage existed. The employers were then required to transport the aliens from the border to the work place and transport them back again at the end of the six-month contract. The aliens were to be paid the current local wage for similar work. The employer had to provide housing and sanitation facilities which met the State regulations.

Upon notifying the Immigration Service, the workers were permitted to take another job, but only with one of the approved employers. In addition, the employer was required to withhold money from the worker to reclaim at the end of the contract. This was an attempt to induce the workers to fulfill their contracts and return to Mexico as prescribed by the regulations. (This was essentially the only enforcement provision of the program and it applied only to the workers' side of the contract.)

After the war, the program officially ended. However, many Mexicans stayed on while others entered illegally during the '20s. In the Depression of the '30s, of course, the demand for labor of all types fell and many of the legal and illegal Mexicans returned home. Mexico had been hiding her eyes about the large number of expatriates and was humiliated by the mass return of her nationals.

When World War II rolled around, with a corresponding newly increased demand for temporary Mexican labor, the Mexican government was unwilling to return to the World War I practice of allowing unlimited numbers of workers to leave and to bargain with individual growers. Instead, Mexico insisted on exacting guarantees for her workers before allowing them to leave. She was really not interested in free immigration or even in a temporary, but free, labor market. The World War II program continued and actually strengthened the provision that the workers be attached to the agricultural sector.

The bilateral program initiated in 1942 was called the bracero program and existed until 1964. Although the basic provisions were the same as in the World War I program, Mexico did insist on guaranteed wages, unemployment compensation, and certain living conditions. The levels of these guarantees and the effectiveness of enforcement varied over the course of the program, depending on whether Mexico or the U.S. enjoyed the relatively greater bargaining strength. But the basic structure of the bracero program virtually guaranteed that the Mexicans would be exploited.

Monopsony and exploitation

Why should this be? To understand it, we need to understand the economic theory of monopsony. *Monopsony* is the economists' term meaning "one buyer" of a good, usually of labor. The theory of monopsony is closely related to that of monopoly, or "one seller." The familiar monopoly theory is that the single seller restricts his supply in order to keep the price he receives artificially high. In a very similar vein, the monopsonist reducs his demand for labor to keep the wage he pays artificially low. As the single buyer of labor, the monopsonist can control the prevailing wage. Of course, he wants this wage to be as low as possible. Now the prevailing wage must rise to attract new workers or to coax old workers to work more hours. So the single buyer needs to restrict his own demand for labor in order to keep this wage from rising. He must balance the increased profits due to a lower wage against the decreased profits from the reduced sales of his final product. The end result of this balancing process will be lower wages and lower employment than in a competitive market.

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Ordinarily when I teach the theory of monopsony to introductory classes and labor economics classes, I have difficulty finding modern examples. That was before I discovered the bracero program.

The bracero legislation provided for archetypical monopsonistic exploitation. The workers were legally bound, if not to a single employer, at least to the agricultural sector. They were not free to seek more lucrative industrial jobs. If the workers had been permitted the free movement among jobs that most people regard as an obvious right, the growers would have been forced to pay higher wages. Instead, the combined American and Mexican governments continued to deliver braceros into the hands of the growers, season after season, for 22 years.

Despite the threat of deportation, desertion from the agricultural jobs was a problem throughout the life of the program. Of course the percentage of desertions was higher when the agricultural working conditions were worst and when the enforcement mechanisms were most lax. Thus, the World War I program was particularly prone to desertions. It is instructive to note the reaction of the growers to the government's insistence that they guarantee the return of the Mexicans to the border. According to Otey Scruggs, a historian who is an authority on the bracero era, "The farmers often did not pay adequate wages. As a result many workers abandoned their jobs before the contract period expired.... The farmers argued they were not to blame for the high proportion of desertions... They asserted that if they had to pay wages equal to those paid in industry to retain the workers' services, it would have been impossible to import the workers...." The farmers unwittingly admitted that the government was providing them with cheap labor, through the force of law.

Even the government recognized that given the comparatively low wages paid by farmers, it was "but natural in the circumstances that the imported Mexican laborers should desert at the first favorable opportunity." The El Paso supervisory immigration inspector continued:

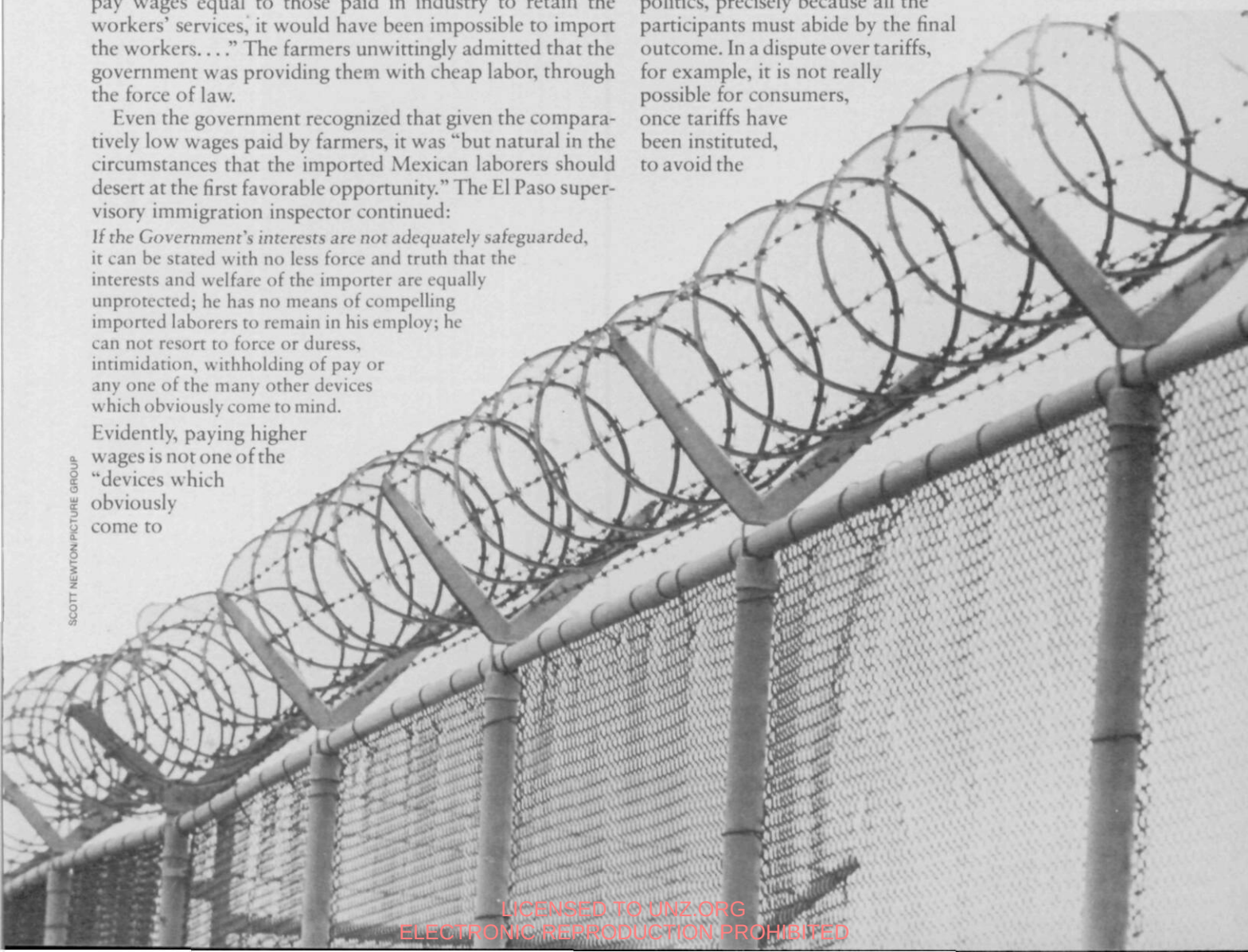
> *If the Government's interests are not adequately safeguarded,* it can be stated with no less force and truth that the interests and welfare of the importer are equally unprotected; he has no means of compelling imported laborers to remain in his employ; he can not resort to force or duress, intimidation, withholding of pay or any one of the many other devices which obviously come to mind.

Evidently, paying higher wages is not one of the "devices which obviously come to mind." Again unwittingly, this officer of the government is admitting that this program is providing the growers with cheap labor. The inspector seems to imply that some sort of force, applied by the grower or the government, is necessary to "protect the interests of the grower." Unfortunately, the interests of the workers were largely unprotected during the temporary worker programs.

Instead, the Mexican and American governments were in a situation economists call *bilateral monopoly.* The Mexican government represented and controlled the workers, while the U.S. government represented and controlled the growers. In a bilateral monopoly, the price and quantity of labor, along with all the fringe benefits and working conditions, are decided at the bargaining table rather than by the forces of a competitive market. Since there is no competition on both the buyer's and the seller's side of the market, the final outcome is not predictable in advance. The relative bargaining strength of each of the parties determines whose interests will be best served. This means that it is not the market, but political forces that decide the outcome.

The market is a very individual system of organization. People trade with one another only when they believe they will gain something from the trade. As long as every person in the market retains the option of walking away from an unfavorable transaction, people will always be better off from their market activities.

The political system, on the other hand, is collective. There are winners and losers in politics, precisely because all the participants must abide by the final outcome. In a dispute over tariffs, for example, it is not really possible for consumers, once tariffs have been instituted, to avoid the



SCOTT NEWTON/PICTURE GROUP

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ANDREW POPPER/PICTURE GROUP

Mexican labor has been periodically exploited by U.S. bracero programs since the first world war.

resulting higher prices. Political decisions are fundamentally all or nothing decisions. If the best possible bargain still makes some people worse off than before, those people cannot refuse to transact in the political process, as they can refuse in the market process.

Nowhere is the significance of this difference more dramatic than in the status of people who are unpopular or despised in a society. Such people are always vulnerable, but they are more vulnerable in a system where economic decisions are made by majorities or coalitions of minorities and imposed on the entire population. When economic decisions are made on a free market, someone will have an incentive to do business with the members of minority groups and (whether knowingly or not) will serve to improve the minorities' economic interests. But it is difficult, because of the nature of political decisions, for minorities to have their interests truly represented or protected in a political forum.

The 22 year history of the bracero program provides an example of a politically decided, bilateral monopoly situation in operation. In fact, this era has been studied more by political scientists concerned with interest group politics than by economists concerned with a free labor market. Each of the governments had to weigh the pressures of their own domestic interest groups as well. The U.S. government was constantly trying to balance the desires of the growers for cheap labor against the demands for protection of domestic workers. Mexico was caught between the obvious economic benefits and the ultimately embarrassing experience of having so many of her nationals migrate to the U.S.

In all the negotiations over wages, housing, sanitation, unemployment benefits, and recruiting, each of the two governments hid from identifying essential features of the program. The U.S. government refused to face the fact that the program depressed farm wages, for both domestic and alien workers, by providing the growers with a steady supply of labor that could not legally leave. The Mexican government was equally stubborn about not admitting that the abject poverty of Mexico was the reason so many were willing to come to the U.S. under almost any conditions. Both of these problems could have been better solved by a less restrictive permanent immigration policy in the place of the temporary workers program. Mexico's official concern over the living conditions of her workers was a bit ridiculous, considering the fact that life in Mexico was obviously worse.

It has been charged that the steady flow of Mexicans kept wages low, to the detriment of American workers, but that is only partially correct. The steady *controlled* flow of Mexicans kept the wages low. If the workers admitted had been allowed a choice between high paying manufacturing jobs and the low wage agriculture jobs, is there any doubt which they would have chosen? In that case, the agricultural wage would likely have been higher than it was under the bracero program, while the industrial wage might have been somewhat lower. Of course, if the workers were free to go where they wanted, they would have spread to a wide variety of industries with much smaller effects on all wages.

And if the immigration policy had been completely open, more people surely would have come. The initial effect of depressing wages would have been greater, but the positive effects of immigration would have been greater as well. Lower consumer prices, greater investment, and faster growth rates are well known consequences of open immigration. As it was, the bracero program insured the low wages, but all the benefits of the low wages were concentrated in the southwestern farm sector. The growers in this region reaped extra profits, which economists call "rents," from the special provision of labor.

"Operation Wetback"

It is important to develop this background of government responsibility in order to appreciate the next stage of the story. In addition to the braceros, a great many Mexicans crossed the border illegally, earning the nickname *wetbacks,* because many of them came by swimming across the Rio Grande border between Mexico and Texas. Some of them worked alongside the braceros in the fields, while others went to work in factories. Some of them were known by their employers as illegals while other employers simply did not check the documents very closely. Those who were known to be illegals were exceptionally vulnerable to exploitation and mistreatment, and this vulnerability probably crated a far more depressing effect on wages than would have occurred had they been allowed to enter legally. In addition, the illegals often had serious health problems, because they didn't feel free to go to hospitals or clinics where identification might be required. So the classification of certain persons as "illegal" created a whole set of new problems.

As the stream of wetbacks increased, the pressure grew on the Immigration and Naturalization Service (INS) to "do something" about it. Local workers worried about competition from wetbacks, and church groups concerned about the living conditions of the illegals pressed for action. But one of the most important forces for sealing the Mexican border was the Mexican government itself. According to Richard Craig, author of *The Bracero Program:*

> Such a torrent of illegal entrants did present an awkward situation to virtually all concerned. It was especially embarrassing and humiliating to Mexico. The obvious fact that so many of her citizens had reached such a state of desperation as to opt for status as a lowly wetback—an individual stripped of all guarantees provided legally contracted braceros and subjected to exaggerated exploitation on both sides of the border—was a sad commentary on life in rural Mexico.

In August 1953, Attorney General Herbert Brownell visited the Southwest to investigate the wetback situation. He

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described the problem as "shocking," a "social, economic, political and moral problem of the first magnitude." In April 1954, retired Army General Joseph Swing was appointed Commissioner of the Immigration and Naturalization Service. "Operation Wetback" was born.

The purpose of "Operation Wetback" was to deport illegal aliens and to secure the Mexican border. The program was universally judged a success in this regard. But why was sealing the border considered a desirable goal in the first place?

If the concern about wetbacks was their wretched living conditions, then granting them amnesty and allowing them to stay would have been the most humane solution. As we've seen, the government shared some responsibility for the poverty of the Mexican expatriates. Yet, the policy response to this problem was to return the people to Mexico where the poverty was much worse.

Part of the motivation for deporting the aliens was their depressing effect on wages. However, to obtain the cooperation of the growers, the INS promised to provide braceros to any growers who would turn in their illegals! Much of the success of the program was attributed to the favorable response of the agricultural community to these guarantees. So large a portion of the illegal population was simply replaced with braceros that the adverse effects on wages could not have been alleviated very much. If the expulsion was motivated either by concern for the depressing effects on domestic workers or for the living conditions of the illegals, then the policy was ill-considered at best.

Whatever motives the authors of "Operation Wetback" may have had, the methods they used seem more appropriate to a military operation than to a social problem. Although General Swing was able to discourage the Attorney General from sending U.S. troops, the following passage from the 1955 INS annual report speaks for itself.

> A large scale task force operation in the Southwest, working in proximity of the border, accounted for a great majority of apprehensions. This "Special Mobile Force Operation" began in California in the last few days of Fiscal 1954, and after the backbone of the wetback invasion was broken in California, shifted to south Texas. Mobile task forces were assembled and set into action. Light planes were used in locating illegal aliens and directing ground teams in jeeps to effect apprehensions. Transport planes were used to airlift aliens to staking areas for prompt return to Mexico...
>
> These activities were followed by mopping up operations in the interior and special mobile force units are continuing to discover illegal aliens who have eluded initial sweeps through such cities as Spokane, Chicago, Kansas City and St. Louis, which removed 20,174 illegal Mexican aliens from industrial jobs.

The cost of this sort of operation to the illegals themselves is obvious. Imagine the emotional and financial costs to the Mexicans who were legally in the country and who were apprehended and investigated as well. Little official documentation on this aspect of the program is available, but a 1980 Judiciary Committee Report on Temporary Worker Programs alludes to "scars in the Mexican-American community which remain today."

The other major motivations for the drive to seal the border seem to be purely political. According to Richard Craig:

> In the first place, it [the wetback flood] represented an open violation of United States immigration standards. Second, it acted as a thorn in the side of U.S.-Mexican relations. Mexico claimed the only solution was to punish wetback employers. The U.S. countered by accusing Mexico of laxity in enforcing provisions designed to deal with those entering clandestinely. Third, the wetback phenomenon became a somewhat embarrassing cause célèbre in the early 1950's.

SUSAN RAGAN/PICTURE GROUP

Bracero workers are not allowed to leave approved employers and seek new jobs. Shown are immigrant workers in NYC.

As the horrors of the wetback life became more widely known, the sad reality of Mexican life could be more easily inferred. While this humiliated the Mexican government, the U.S. government was embarrassed by the "open violation" of its law. To save face, both governments were willing to use military tactics to enforce the return of the already poor illegals to the much worse poverty of Mexico. The unfortunate illegals were the ones who paid the price of the Good Neighbor Policy between the two North American states.

"Those who will not learn from history..."

For most of this century official policies of both the United States and the Mexican government have created immigration problems where none should have existed. The U.S. Department of Labor began by administratively forestalling agitation for the repeal of the Chinese Exclusion Act. The U.S. government required certain minimum standards for braceros, yet forbade them to take jobs of their choice. The Mexican government officially deplored the poverty of its nationals in America, yet enforced their return to a worse life in Mexico. At every step along the way, market forces were there to alleviate misery and racism while political forces worked to preserve them.

Now the Reagan Administration has proposed a temporary worker program as a "solution" to our present incarnation of the immigration problem. Included in it are stepped-up law enforcement and stronger sanctions against employers of illegals, and even this is not enough for some members of Congress, who deplore the fact that the Administration is unwilling to push for a tamperproof national work card because it's "too expensive." The record of past government mistakes is clear; but, instead of turning to natural market forces for a more humane solution, present policy appears determined to repeat them. ❑

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They gradually lost their ancient traditions, their recollections; they forgot their writings, their songs, their poetry, their laws in order to learn by heart other doctrines, which they did not understand, other ethics, other tastes, different from those inspired in their race by their climate and their way of thinking. . . . They were lowered in their own eyes, they became ashamed of what was distinctly their own, in order to admire and praise what was foreign and incomprehensible. Their spirit was broken and they acquiesced . . .

—José Rizal, 1891

On September 21, 1972, President Ferdinand Marcos signed Proclamation 1081, which placed the entire Philippines under martial law and commanded the armed forces to "maintain law and order throughout the Philippines, prevent or suppress all forms of lawless violence as well as any act of insurrection or rebellion, and enforce obedience of all the laws and decrees, orders and regulations promulgated [by Marcos] personally." Most Filipinos, used to adjusting to the whims of their rulers, took the news quietly, if with some trepidation. Marcos, in fact, did not announce martial law until two days later, on September 23, after his forces had silently detained hundreds of subversive students, journalists, and political opposition leaders, and the military had replaced civilian officials in the provinces and closed down all media. On the evening of September 22, it was announced that Marcos's trusted Secretary of Defense, Juan Ponce Enrile, was reportedly unsuccessfully ambushed. This provided the immediate excuse for martial law.

So when the next day dawned very, very silently, it was obvious that something was amiss. Rumors went flying; no newspapers were available; no TV or radio stations were on the air; the streets were empty. Finally, Marcos came on the television with his newly-installed Secretary of Public Information, Francisco Tatad, and read off Proclamation 1081, accusing "Marxist-Leninist-Maoist lawless elements" of desiring to overthrow the republic by force — citing an actual state of war against the government in the North, and the Muslim Mindanao Independence Movement to establish a separate nation by force in the South—thereby forcing him to institute martial law.

Congress was disbanded and legislation issued by emergency decree. Schools were closed for the next few weeks; external travel was banned; the military was ordered to take over all domestic airlines and all major utilities "to guard against the disruption of public services." A national curfew lasting from midnight to 4:00 a.m. was imposed; a common punishment for males missing the midnight siren was, first, a haircut, then, latrine duty or cutting grass on the highways.

In the meantime, the armed forces were busy evacuating thousands of villagers in the northern province of Luzon—the stronghold of the communist New People's Army—to ferret out guerrillas. In the southern islands of Mindanao and Sulu, the pro-Christian government forces continued to fight a war against the secessionist Muslims (now called the Moro National Liberation Front), whose discontent had been hundreds of years in the making.

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The Filipino is, if anything, determinedly good-natured and will make the most of any situation. (When you've been conquered by the Spanish, the Americans, and the Japanese in rapid succession, you learn to adapt.) I, for example, bored to tears by Marcos's interminable emergency decrees and the closing of my college, obtained the reluctant permission of my parents to go out double-dating with a friend from a prominent and wealthy family, which I thought would be protection enough. We went to the disco of the Hotel Inter-Continental, a few blocks from my home in a suburb of Manila. At about 11:30, just as most of the customers were preparing to head home before the curfew, members of the Philippine Constabulary drifted in the disco and prevented anyone from leaving. No explanation was given. After midnight we were politely herded into waiting PC buses; there must have been at least 100 of us, including one American tourist groaning over the loss of his one night in Manila. While subdued, the atmosphere was incredulous but still gay. At Camp Crame, the detention camp that we were brought to, we were ordered to split up into males and females. The commanding officer had taken a liking to my friend, and she bantered back, hoping thereby to get us out early. We sat around for hours, waiting for who knew what. Each of us had a photograph taken, prisoner-style, holding a numbered board; some even smiled at the silliness. We were taken upstairs in a line; a doctor (?) asked us to roll up our sleeves for blood samples. Ah, it was drugs they were after. (My arm stayed black-and-blue from the extraction for weeks afterward, proof that I hadn't dreamt it.)

Then they took us down the hall to peep into a cell door. There were all sorts of men in the cell; those, the PC warned us, were drug addicts. We went back downstairs;

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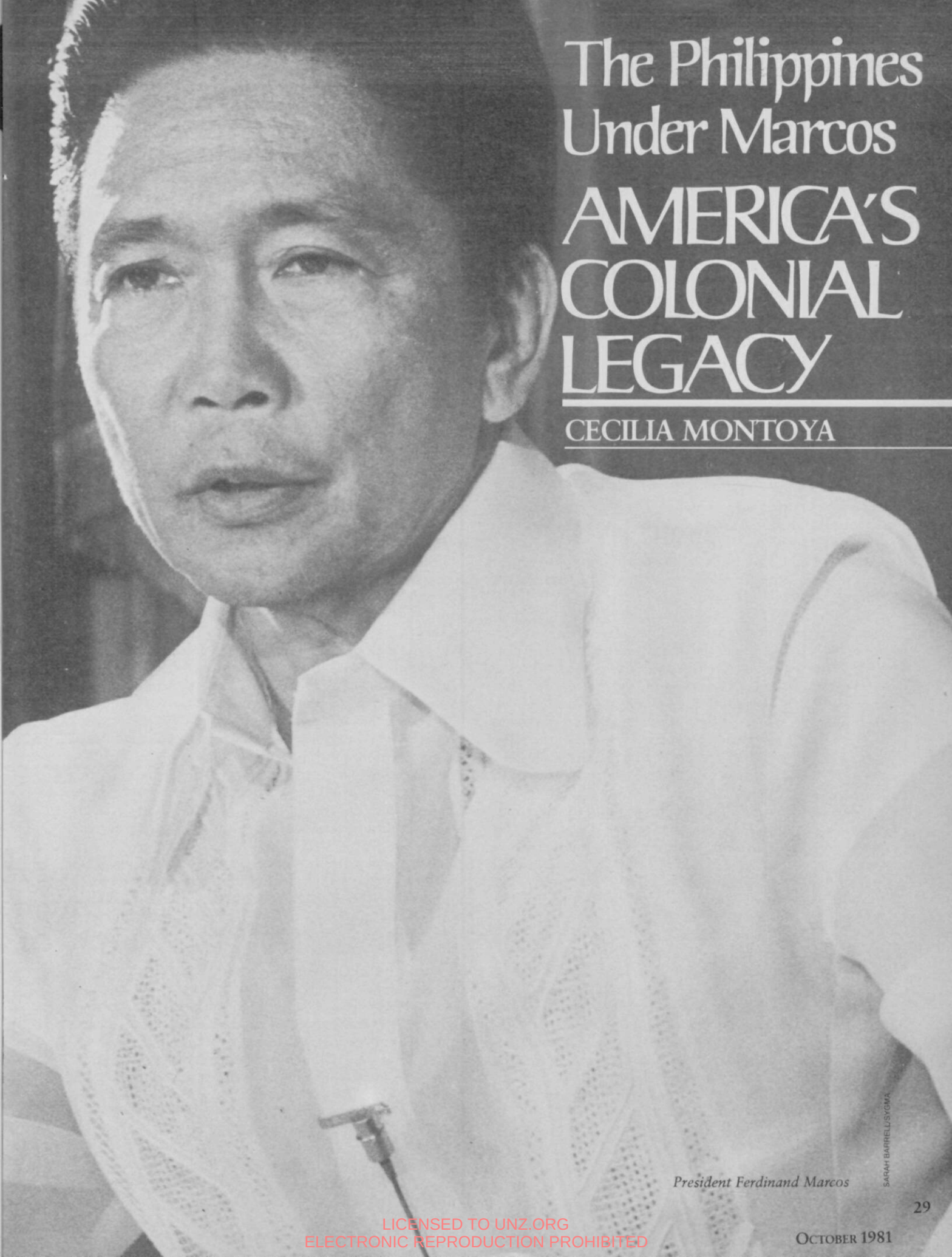
The Philippines Under Marcos

AMERICA'S COLONIAL LEGACY

CECILIA MONTOYA



President Ferdinand Marcos

SARAH BARRELL/SYGMA

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CHARLES STEINER/SYGMA

Imelda Marcos, the president's wife. Marcos's powerful in-laws help "see to it" that Marcos "will always win" elections.

our male companions were back. They had been asked to strip and were searched for drugs and firearms, they told us. More waiting.

At about 3:30 a.m., we were herded back into the buses. Then we were dropped home, one by one. My parents were waiting frantically; the whole thing hadn't hit me yet. For weeks afterward, I waited for some word, some explanation, some clearance. Nothing. It was, I realized, an exercise in power, a flexing of the military muscle. And indeed, while I was waiting in the camp, I had laughed at myself for thinking, "They can't do this—I'll call the police!" They were *the police. It haunts me yet that someone like me, from a family with enough connections and access to money to make a fuss over their daughter's disappearance, could be so helpless; the plight of the powerless peasants and lower-class majority, especially in the provinces, must have been incomparably worse.*

When the exclusive all-girl convent school I went to was allowed to re-open, we were asked to sign a pledge that we would not indulge in any "subversive" activities before we were allowed back in. All school organizations were disbanded; all campus papers closed. And in history class we found a new required reading: Today's Revolution: Democracy, *by Ferdinand E. Marcos.*

Several weeks later, I met Marcos. I had been working part-time as an announcer on a local television station, which, naturally, was forced to close down after martial law was imposed. In the typical Filipino fashion, the station managers had decided that a direct, personal plea to Our Friendly Neighborhood Dictator would assure us a new license to broadcast. So we all trooped over, curtsied, and nicely begged Marcos to give us back our jobs. After impressing upon us what a nice man he really was (and he is quite charming, in a regal fashion), he grandly gave permission. I always wondered how much it had cost the owners.

• • • • • • •

Marcos is, if anything, a shrewd man. He knows his people. And he knows how to butter up his main economic and military supporter, the United States. First of all, he has connived to have everything appear quite legal. And it is, because he has changed the law around to suit his ends. When he was first elected in 1965, Marcos knew that he was limited to two four-year terms as president. After he was overwhelmingly re-elected in a very expensive (to the taxpayers) election in 1969, he convened a constitutional convention in June 1971 to replace the American-approved 1935 constitution. The "ConCon" was rife with corruption; delegate Eduardo Quintero of the island of Leyte complained of being offered bribes by supporters of Imelda Marcos (the president's activist wife) on at least 18 different occasions. (Eventually, a substantial amount of dollars was discovered in his home — planted, he swore, and almost everyone believed — and he was silenced. He is now on the west coast of the United States writing a book on the experience.) In January 1973, to no one's surprise, the Filipino voters ratified the new constitution which (1) abolished the old legislative body, (2) gave Marcos both the old powers of the president under the 1935 constitution and new powers as prime minister, (3) changed the form of government from a presidential to a parliamentary system, and (4) left to the discretion of Marcos the date of the opening of the Interim Assembly, until which time he was in sole control of the government.

The state of martial law imposed in 1972 lasted until January of 1981, a month before the arrival of the Pope in the Philippines, when Marcos announced its lifting from the heroes' hall of Malacañang Palace. This nominal gesture has somewhat quieted down his international critics.

In June 1981, Marcos made the grand gesture of allowing presidential elections to be held. Among the 16 candidates who ran against Marcos, one advocated American statehood, another held up as his qualification the fact that he had been director of the bureau of prisons. Even in May of this year, when I asked a visiting relative about the prospects of the election, she simply scoffed. "Of course Marcos will win," she said. She told of her sister, a staff member of Leyte governor Kokoy Romualdez's team, who slyly told her, "Marcos will always win, we'll see to that." Where power is by patronage, the peons who share the privileges of their patron will do everything to keep him in place, including tampering with votes. (Romualdez is, incidentally, Imelda Marcos's brother. Marcos's sister is the governor of *their* home province; his son, the vice-governor. Marcos's daughter Imee is the leader of Marcos's national youth group. Etc, etc.)

Under the new revised *revised* system, Marcos will again lead the country as president, with a five-member cabinet appointed by him managing the country. Cabinet members include his ministers of defense, of labor, and of finance. Marcos appoints a prime minister, who will serve as the apparent administrator of the country. But Marcos, as president, has the power to dissolve parliament, serves a six-year term, and is eligible to run again for an unlimited number of times. Since he has wisely installed his supporters and cronies in the leading political, military, and economic slots, he is practically guaranteed the presidency for life. Even the Catholic Church, whose Archbishop of Manila, Jaime Cardinal Sin, has been vocally critical of the Marcos regime—and particularly of Imelda Marcos's excesses—has helped the regime legitimize its position. The Philippines are predominantly Roman Catholic, and Marcos has quoted the late Pope Pius XII as suggesting that failure to vote was a *mortal* sin (a sin grave enough to bring "death" to the soul). The archbishop must have received a message from On High denying this, because he said that voting was a

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matter of individual conscience, three days before the election. Nonvoting is, however, tied in to more earthly rights; travel privileges are rescinded for nonvoting. In 1978, Marcos made it a crime punishable by six months in jail not to vote, an edict that was not revoked when martial law was lifted, although a few days before the June 16 election he offered amnesty to those who had not voted in an April election if they voted in June. Still, observers estimate that a boycott of the June election on the part of a group of opposition parties caused between 15 and 40 percent of eligible voters to stay away from the polls or to cast blank or defaced ballots.

The age-old problem of land

Despite the political machinations of Marcos, the basic problems that have confronted the Filipino people for centuries remain, and he has done little to change that. Part of the problem, and a large part of it, is land ownership. The pattern of land ownership, however, is tied to the kinds of crops (that is, export-oriented) and the kind of funding (that is, large acreage-oriented) that exist, and which have been developed by foreign conquerors, beginning with the Spanish in the sixteenth century.

Before the Spanish "discovered" the Philippines, the indigenous people had a flourishing society — primarily a fishing and agricultural one, but with trade relations with China and Siam — and a sizable Muslim population: the doctrines of Islam had been introduced by the Arabian scholar Mudum, who had arrived on the island of Sulu in 1380. The governmental unit was called the *barangay* (derived from the name of the Malay boat which had brought these people to the islands centuries before), a community of some 30 to 100 families. The barangay leader *(datu)* had all the powers of government and was independent from other datus. Land, except for areas reserved for the datus, essentially was free to whomever could till it.

After Pope Alexander VI divided the world into equal spheres of conquest for Spain and Portugal in 1493, both countries sent expeditions out into the world. In March, 1521 the Spanish explorer Ferdinand Magellan landed on the island of Samar in the Philippines. But it was not until 1571 that the Spanish conquest of the Philippines was completed, when Miguel Lopez de Legazpi succeeded in winning the city of Manila from a Muslim datu, Rajah Sulayman. The new country was named after Philip II of Spain, a Spanish governor-general was installed, and the country was divided into jurisdictions called *encomiendas,* each under the rule of an *encomiendero* —a Spaniard who had helped pacify a "heathen" country —who had the power to tax. Naturally, this led to oppressively high taxes and to the takeover of land, because the natives had no legal titles. While the encomiendero (and later his successor, the *alcaldemayor)* enjoyed almost unbridled political and economic power, the power of the Catholic friars soon became even more fearsome. The native people developed a sense of inferiority and of religious fatalism ("what God wills...") that has lasted until today. In 1896, reformist and revolutionary groups joined together to fight against Spanish rule. By the end of 1897, the revolutionaries had been successful enough to declare a provisional republic, to publish a provisional constitution calling for separation from Spain, and to negotiate a truce providing for amnesty, exile, and cash payments for their leaders. The provisional republic's president, Emilio Aguinaldo, went into exile with his men. They sailed with a check for 400,000 pesos to Hong Kong, intending to purchase ammunition and return to continue the revolution.

There they met Commodore George Dewey, on his way to battle the Spanish at Manila Bay after the declaration of the Spanish-American War in April of 1898. Dewey agreed to take the Filipino rebels with him (on a separate ship), and after his spectacular victory over the Spanish in Manila's harbor, Dewey encouraged Aguinaldo to continue his revolution in the areas surrounding Manila.

The American takeover

But after the war had been won by the Americans, the United States government decided to annex the Philippines rather than recognize its independence. In December, America signed the Treaty of Paris in which Spain ceded the Philippines to the U.S. in return for $20,000,000 and a ten-year trade concession. President William McKinley declared, "There was nothing left for us to do but to take them all, and to educate the Filipinos, and uplift and civilize and Christianize them." The ensuing debate in the American Congress between imperialists and anti-imperialists was stormy; Senator George F. Hoar protested that the imperialists would "make the American flag, in the eyes of numerous people, the emblem of sacrilege in Christian churches, and of the burning of human dwellings, and of the horror of the water torture." But although the anti-imperialists fought to convince their congressional colleagues of the irony of freeing a country only to enslave it, imperialists sang the winning tune. Senator Albert Beveridge thundered, "Just beyond the Philippines are China's illimitable markets. We will not retreat from either. The Pacific is the ocean of commerce of the future, and most future wars will be conflicts of commerce."

And so America subdued the Philippines, although the Filipinos fought again, this time against Americans, from 1899 to 1902, under the leadership (until his capture in March, 1901) of Aguinaldo. The Schurman Commission of 1899, The Taft Commission of 1900, and the Jones Act of 1916 all declared the intention of the U.S. to allow the Filipinos to become independent as soon as they were "ready" and "stable," but it was not until the 1930s that a move began in the United States to implement these promises — after the Communist Party of the Philippines was founded in 1930, aiming to overthrow the American colonial government and to improve the working conditions of the peasants.

The Tydings-McDuffie Act of 1934 set up the authority for a Philippine constitutional convention to establish an interim commonwealth government as a prelude to full independence in 1946. The act also imposed American review of any amendments to this constitution, and limited the amount of Filipino goods that could be imported by the United States, while allowing the free entry of American goods into the Philippines. The 1935 constitution provided for an American system of education in the Philippines, gave Americans equal civil rights with Filipinos, and set up American control over all matters pertaining to the currency, trade, immigration, and foreign affairs of the commonwealth government.

During World War II, the Philippines had still another occupier —Japan. Manila was bombed in December, 1941, just hours after the bombing of Pearl Harbor, and the islands were occupied from 1941 to 1945. Japanese planters planted cotton in Filipino fields for export to Japan, and with them came worthless occupation currency and the feared Japa-

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nese military police. In the hills, American and Filipino guerrillas continued to fight the Japanese, until Manila was liberated once again in February, 1945. After the war, the American Congress voted to give the Philippines millions for rehabilitation, but also passed the Bell Trade Relations Act, which embodied a proposed amendment to the Philippine constitution giving Americans equal rights with Filipinos to "dispose, exploit, develop, and utilize all agricultural, timber, and mineral lands," as well as to operate public utilities and to exploit water and mineral resources.

The communists had gone underground and started the *Hukbalahap* movement during the Japanese occupation, and seven Huk candidates were elected to the Philippine Congress after the war. When the Huks would not approve the "parity rights" amendment, they were charged with election fraud and expelled from Congress. On March 6, 1948, the Huk movement was outlawed, for "acts of sedition." It continued to grow in the countryside, agitating for land reform and using tactics of violence and terror into the 1950s and ultimately formed the basis for today's Maoist New People's Army.

After Marcos won office in 1965, a new wave of Huk activities began, and in 1969 Marcos began military action to attempt to subdue them. Throughout his presidency, Marcos has had opposition from people wanting land reform — the Huks in the North have gained a following by demanding that land ownership no longer be concentrated in the hands of a few. In Mindanao to the South, the traditional landholdings of the resident Moros (Filipino Muslims) were being legally usurped by new Christian settlers, which has led to continued armed conflict between Muslim and Christian and demands for the secession of Mindanao.

With a little help from the U.S.

While Marcos attempts to soothe the centuries-old land-use sore, he is increasingly faced with the spectacle of a balance-of-payments deficit. Debt-service costs alone run to $2 billion a year; his total indebtedness is some $12.5 billion. A large portion of his budget goes outright to the military establishment ($1.02 billion in 1980). Inflation hit 24 percent in early 1980. How does he survive?

Part of the answer lies in the fact that the United States government has an interest in keeping the Philippines "stable" at any cost. Straightforward military aid in the four-year period after martial law was imposed (1973-76) jumped to 106 percent *more* than it had been in the four-year period preceding martial law (1969-72), that is, from $80.8 million to $166.3 million. U.S. military aid has been averaging $40 million a year. In 1979, however, the Carter "Human Rights" administration (which apparently had never read Amnesty International's report on torture and incarceration in the Philippines) decided to give Marcos — over the next five years — $300 million in military aid and credit sales, plus over $1 billion in economic aid. The $300 million, the two governments agreed, was a fair rental price for the several U.S. bases in the Philippines, including Clark Air Base and Subic Naval Base.

The U.S. government is also heavily involved in the quasi-governmental international money vendors that have been good to Marcos. The U.S. Agency for International Development (USAID) kindly increased its loans and grants to the Philippines *fivefold* in the first five years after martial law. In 1980, that USAID amount was $83.3 million (out of a total of some $5.5 billion). The World Bank group includes three operating entities, the International Bank for Reconstruction and Development (IBRD) — a 134-country member organization, to which the United States is the largest contributor and whose president is selected by the U.S. President, the International Development Association (IDA) — the "soft loan window" of the World Bank, whose largest contributor is again the United States, and the Inter-

The February visit of Pope John Paul II. The Roman Catholic Church has a great influence on the predominantly Catholic Philippines, and Marcos is not above using it to legitimize his regime. He once suggested that non-voting was a mortal sin.

HENRI BUREAU/SYGMA

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national Finance Corporation (IFC) — which makes investments in the private sectors of its 109 country members; voting power is based on "capital subscriptions" from industrial member countries and the United States is up there again, with 37.6 percent of the voting power. IBRD and IDA assistance to the Philippines between July 1978 and June 1979 alone totalled $395.5 million. Then there's the Export-Import Bank: during the first four years after Marcos imposed martial law, Eximbank lending to the Philippines increased 300 percent.

And, of course, there's the Overseas Private Investment Corporation (OPIC), an insurance program backed by the *U.S. Treasury Department* guaranteeing U.S. corporate investments abroad against local vagaries, war damage, or expropriation. OPIC also makes direct loans to U.S. companies investing in so-called Third World countries and helpfully organizes survey missions to potential countries. According to the fascinating book *Aid as Obstacle,* by Frances Moore Lappé, Joseph Collins, and David Kinley, "In 1978, the Chase Manhattan Bank in Vietnam, the Bank of America in Chile, and Revere Copper and Brass in Jamaica were the beneficiaries of settlement claims for investment losses.... Approximately two-thirds of OPIC's activity is in only six countries: Brazil, the Philippines, South Korea, Indonesia, Taiwan and the Dominican Republic; all are countries with notably repressive governments." One can guess that the U.S. Treasury Department, liable for millions of dollars in the Philippines, is exerting subtle pressure on the rest of the U.S. government to keep things calm in Manila — deathly calm, at that.

The point, of course, is that the foreign aid supposedly intended for the less fortunate *never gets* to the less fortunate. Instead, since the foreign aid goes to the government in power, it actually helps to maintain that government in power. It's a vicious circle, since the most oppressive governments are usually the poorest and thus receive most of the aid. In terms of the Philippines, for example, under USAID's "Food and Nutrition" program, roads are included in this category of funding. And Marcos has certainly made a point of building wonderful new road systems, which also incidentally make it easier for his troops to move into the countryside and to quash rural resistance. Another Food and Nutrition program, "Fund for Local Government," gives Marcos another $10.3 million to splurge on — or withhold from — his handpicked coterie of local government administrators. (In other words, if you don't cooperate, you don't get.)

Perhaps even more distressing was USAID's Office of Public Safety, which together with the Office of the (Philippine) President set up the National Police Commission to integrate the Philippines police forces. When a 1974 Foreign Assistance Act terminated USAID's participation in "public" safety activities by prohibiting the use of foreign assistance funds for police training, USAID and the Drug Enforcement Agency simply transferred that assistance to the International Narcotics Control Program. After that program's initiation in 1971, some $1.28 million was spent between 1972-76 in training drug enforcement officers, organizing police teams, and providing police equipment.

Aside from military financial aid, the U.S. government has assisted Marcos in quelling insurgents through tactical and advisory support. In the four-year period following martial law, the U.S. government sold the Philippine government $72.1 million in arms (nine times the value of such purchases during the entire preceding 22-year period). America has also provided Marcos with military advisers through the Joint U.S. Military Advisory Assistance Group (JUSMAG), whose role, as Senator Strom Thurmond put it recently, is "to assist the Philippine Armed Forces in attaining the capability to maintain internal security ... During recent years the primary effort of JUSMAG has been to assist the Philippine Army in increasing the number of combat battalions." This link-up between the American and Philippine governments has not inspired the separatist Muslims, who simply want to control their own region, to believe in an "independent" Marcos government. The presence of the U.S. bases has further led the American government to work for stability at all costs. The U.S. response to internal insurgency, as expressed by Lt. Gen. George Seignious II of the Defense Department in 1973, is that "[o]ur concern in the Philippines is the security of our bases and the security of the people in the Philippines against insurgencies."

And so the situation continued to deteriorate, until here we are today, in a state that has gone from bad to worse. Unfortunately, there seem to be no easy alternatives. Most Filipinos accept Marcos because there is no other option. The opposition's most likely challenger to Marcos, Benigno Aquino, Jr., espouses socialist means and ends, and is today in political asylum in the United States after nine years of incarceration. Marcos's much-touted land reform is a flop; his USAID-funded *Masagana 99* credit loan program to small farmers has resulted in some 50,000 borrowers being brought to court, four years later, for nonpayment. Imelda Marcos, now governor of Metro-Manila, continues to "collect" funds for her pet projects from business people unable to say no. And with his June re-election as president for the next six years, who knows what Marcos will maneuver in that time?

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When I was still in Manila, at night between rehearsals of a native play put up by the theatre group I belonged to, I would walk up and down the stone ramparts of an old Spanish fort, Fort Santiago. It was built by the Spanish conquerors to protect the inner city of Manila. Here José Rizal, the anti-Spanish reformer who was executed for his fiery novels in 1896, had spent the night before his execution writing a poem to his country, Mi Ultimo Adios *("My Last Farewell"). Here, I smiled ironically, Ferdinand Marcos himself had been tortured and imprisoned by the Japanese in 1942. And today, if I sit very quietly here in California, I can transport myself back onto those ramparts. I can smell the Pasig River alongside them, hear the bells from the cathedral down the way, and be lulled by the voices of soft-spoken Filipino lovers around me. When I came to America, I learned to love the easy freedoms and generous ways of the American people who became my friends. How can I separate these people, though, from their arrogant and ethnocentric government, blinded by the fear that the dastardly Imperial Russia will conquer the world, not seeing the way it itself has "stabilized" friendly regimes, hypocritical to the end? How can I convince the Filipinos that the American way of freedom and individual rights and diversity is real in its culture, and lacking in its politics?*

Down on the open-air stage, named after Manila's Muslim chief, Rajah Sulayman, I can see the brown faces of my young cohorts with their deep black eyes hungry for achievement, open with artistic eagerness, and, no matter what, easy to laughter.

Where are they now, I wonder? ❑

Cecilia Montoya is the pseudonym of a free-lance writer who has relatives still living in the Philippines.

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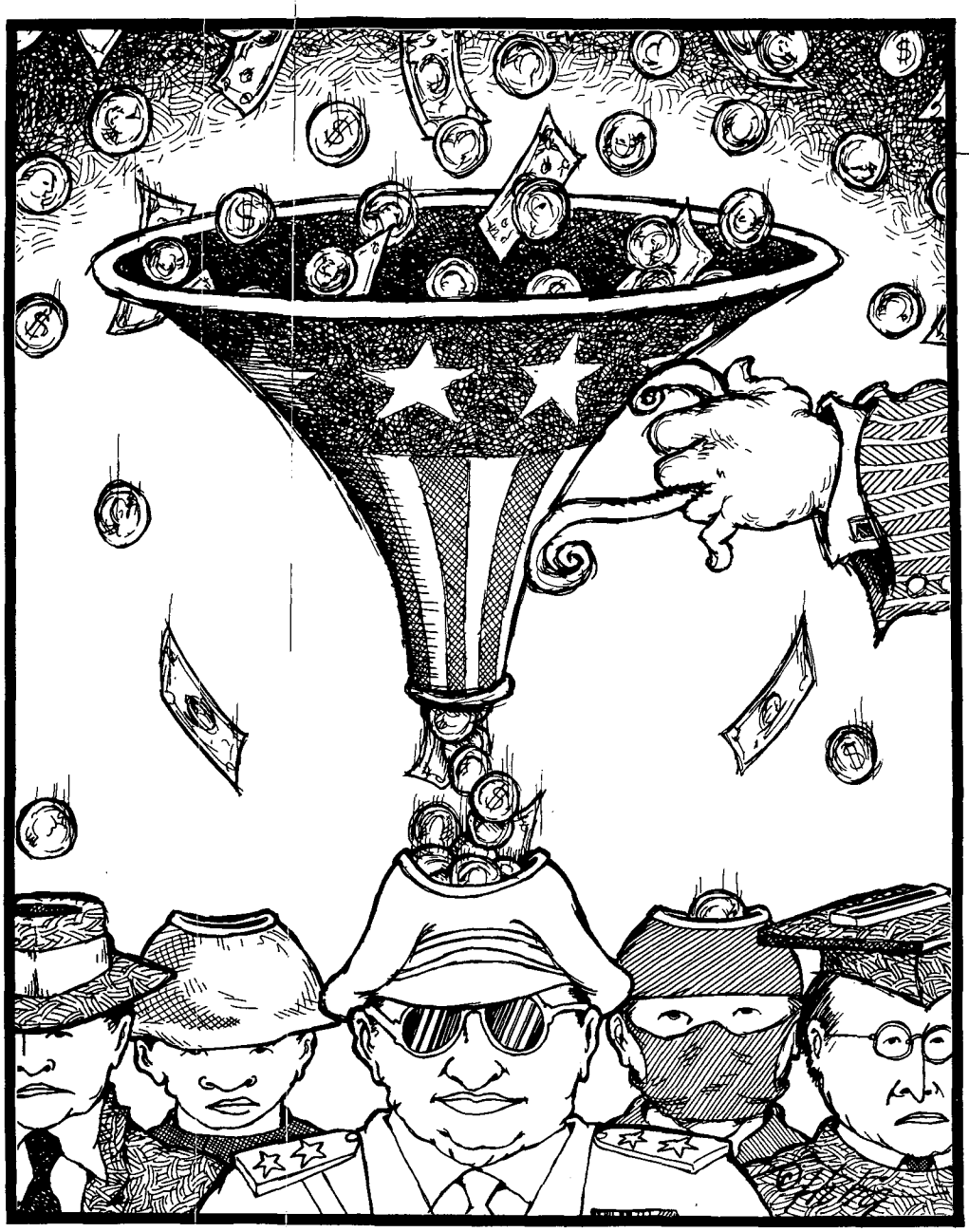

Book Reviews

The illusion of foreign aid

SHELDON RICHMAN

Equality, the Third World, and Economic Delusion, *by P.T. Bauer. Harvard University Press, 266 pp., $17.50.*

LAST YEAR, ROBERT MCNamara, of Ford and Vietnam War fame, stood before the pinstripe suited members of the World Bank and other government officials and tearfully announced his retirement as bank president. In his farewell address, McNamara said in effect that the $200 billion transferred from the West to lesser developed countries (ldcs) between the end of World War II and 1977 was not enough. "We have collectively had it in our power to do more than fight poverty and we have failed to do so," he said. The need to attack poverty "is now greater than ever."

Oh, where is H. L. Mencken when we need him? Only he could do justice to a gathering of ritzy, tax-supported bureaucrats shedding crocodile tears over the poor while calling for accelerated looting of the people of the West.

Dear old Henry is no longer with us. But fortunately, we have Professor P. T. Bauer of the London School of Economics. Bauer not only is able to subject such hypocrisy to withering examination and satire, he is able to puncture every rationalization shrouded by the mantle of economic science.

To be succinct, Bauer is a giant on the intellectual scene, a voice of reason in a field infested with buncombe. Perhaps no discipline is so rife with sloppy and demagogic endeavors as is the field of development economics. The fact that we view it as a separate field at all (rather than as simply economics) is a clue as to how effective its quacks have been.

This makes Bauer's achievements over the years all the more remarkable. In books such as *Dissent on Development* and dozens of articles he has been the lone wolf making the case for the free market as the solution for the impover-

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ished peoples of the world. In the process, he has debunked virtually every myth, every abused statistic, every guilt trip put out by the development economists. Bauer continues his unique work in *Equality, the Third World, and Economic Delusion*. While I will concentrate on the issue of foreign "aid," I must stress that Bauer is far too versatile and learned to confine himself to this issue. His book has delightful sections on egalitarianism and the state of economics, which, though vital to his case against the developmentalists, are important topics in their own right.

The scope of Bauer's knowledge is breathtaking; his clarity and style are simply magnificent. He builds his arguments logically and elegantly until there is nothing left of the developmentalists' case. Much of Bauer's attack can be simplified thus: If what the developmentalists say about the "Third World" were true, no one anywhere would have progressed because the same arguments would have applied to the developed world before it had developed. In the 1830s the United States was the classic underdeveloped country. It had been a colony; it had little capital, and so on. How would the developmentalists account for its progress to the end of the nineteenth century?

Bauer is not one to let even a single premise escape his attention. He notes, for example, that the very term "foreign aid" fixes the discussion much as loaded dice fix a game of craps. "To call these [taxpayer-to-government] transfers aid simultaneously disarms criticism, prejudges the effects of policy and also obscures its realities and results," writes Bauer. He then moves on to the recipients. What do the nations that make up the "Third World" have in common? he wonders. Poverty? No: "As there is no clear discontinuity in the international range of incomes, it is arbitrary to place the line of division on the basis of income between the two global aggregates, i.e., the collectivities of rich and poor countries.... Thus, the celebrated gap [in incomes] cannot lead to worthwhile examination of international income differences or policies of redistribution."

How about stagnation, if not poverty? No, again: "Since the Second World War, many Third World countries have progressed very rapidly, much more so than many Western countries, including the United States and Britain," writes Bauer. How about skin color? No, again. The people of the "Third World" are predominantly non-white *and* nonblack, mostly brown and yellow. "In fact, in the Third World as a whole the whites outnumber the blacks," Bauer writes.

Well, how about a sense of brotherhood? Sorry, but no, once again. For practically any ldc you can name, there is an adversary: India and Pakistan, Algeria and Morocco, Angola and Zaire, Tanzania and Uganda, Ethiopia and Somalia, Guatemala and Belize, Kampuchea and Vietnam.

What these nations have in common, Bauer concludes, is their receipt of government transfers. "The primary result of official Western aid has been the creation of the Third World as a collectivity confronting the West...." We don't have foreign aid because there is the Third World; we have the Third World because there is foreign aid.

Bauer demonstrates that every defense of foreign aid lacks merit. Furthermore, he notes that the proponents of aid care nothing at all about results. If they can conjure up statistics to "prove" success from past aid, this justifies more aid. If failure is undeniable, this too justifies more aid. "Aid is like champagne," Bauer writes. "In success you deserve it, in failure you need it."

Bauer's argument comes down to the question: What are the determinants of economic advancement? The proponents of aid believe it is money or capital. Bauer replies that, to the extent these are important, they are available without tax transfers. But they are not paramount. "The outstanding lesson of Hong Kong," he writes, "is the overriding importance of personal attributes and motivations, social mores and appropriate political arrangements for economic achievement."

Recognizing how critical this point is, Bauer quotes Toqueville in support:

> Looking at the turn given to the human spirit in England by political life; seeing the Englishman, certain of the support of his laws, relying on himself and unaware of any obstacle except the limit of his own powers, acting without constraint.... I am in no hurry to inquire whether nature has scooped out ports for him, and given him coal and iron. The reason for his commercial prosperity is not there at all: it is in himself.

The *most* aid can do, even if used productively, Bauer writes, is save the recipient government the cost of borrowing, an amount that would be a fraction of one percent of "national" income.

> And aid is most unlikely to be used productively.... Aid is not expected to yield a commercial return, and its use, unlike commercially supplied capital, is therefore not adjusted to market circumstances or to general local conditions.

That many of these governments cannot repay "soft" (extremely low-interest, long-term) loans is evidence that the money was wasted, says Bauer.

While aid does no good, it certainly does grave evil. Aid politicizes and collectivizes the societies subject to recipient governments. Aid has facilitated the persecution and even slaughter of ethnic minorities, whose members often are the most enterprising members of society. Politicization of investment leads to the spectacle of ultra-modern national airlines, steel mills, and spanking new capitals, things for which the starving citizens have absolutely no use.

Aid stifles domestic food production and anything else that requires incentives and that could lead to a reduction of aid. Even the temporary easing of shortages that aid may make possible is counterproductive because the policies that cause shortages remain intact; the pressure needed to radically change political institutions is relieved.

Bauer shows that the twin rationalizations for aid, relief and development, somehow are forgotten when aid policies are devised and later tested. He points out the anomaly of sending development aid to governments that prohibit foreign investment and persecute enterprising minorities. And he wonders how long Western taxpayers will continue to be fooled into thinking their money relieves the poor.

Official aid does not go to poor people, to the skeletal figures of aid propaganda. It goes instead to their rulers whose spending policies are determined by their own personal and political interests, among which the position of the poorest has very low priority. Indeed, to support rulers on the basis of the poverty of their subjects is more likely to encourage policies of impoverishment than to deter them.

What libertarians will find so refreshing is Bauer's constant distinction between governments and people. He criticizes the "familiar tendency to equate the government with the population, itself an example of treating an aggregate as if it were a single decision-making unit, or one the components of which have identical interests."

Likewise, methodological individualists will admire Bauer's own methodology, which emphasizes the importance of unquantifiable factors and mocks the worship of income aggregates and the like. For instance, in a chapter that devastates the Zero Population Growth set, Bauer demonstrates the abuse of statistics: Every time a family has a child, per capita income drops. This sort of analysis is used to show that population growth, among other things, has the Third World hopelessly locked in poverty. Bauer reminds us that, yes, even in the Third World many people *want* children, that the immeasurable benefits of them outweigh the costs on the parents' value scale. More broadly, Bauer objects to the developmentalists' condescending attitude toward Third World people, an attitude that regards them as ig-

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norant baby-factories.

It is often thought that people in ldcs have many children because they do not know about birth control or have no access to cheap contraceptives. But this is wrong. Fertility is well below fecundity in most societies.... The ready availability of cheap consumer goods and the relatively limited use of cheap contraceptives, which moreover are often subsidized, suggest strongly that there is only limited demand for them.

Bauer notes that famines occur not in highly populated areas, such as Hong Kong, but in the regions with the least population density and contact with the West. Malthusianism dies hard, but Bauer has dealt it a devastating blow.

Reprinted in the book is Bauer's excellent article, "Western Guilt and Third World Poverty," in which he takes on the charge that the developed world is responsible for the undeveloped world's plight. He shows that this is a mere extension of the zero-sum approach to economic activity: One person's gain is another's loss. He demonstrates beyond doubt that the most advanced of the Third World countries are the ones with the most Western contact and foreign investment. And he shows that Western traders are in no position to manipulate terms of trade or foreign-exchange conditions to "exploit" ldcs. But Bauer does find one sense in which the West has contributed to their poverty: "Western activities since the Second World War have done much to politicize economic life in the Third World," he writes. He argues that the latter years of British colonial rule created "a ready-made framework for state-controlled economies or even totalitarian states...."

This brings up the issue of colonialism. Bauer is curiously ambivalent on the issue. While he writes that he does not wish "to argue here the case either for or against colonialism," he adds, "It can be confidently stated that colonial rule promoted rather than obstructed economic advance, and indeed, that it was necessary for it."

And yet Bauer is fully aware of the bloodshed and brutality that attended colonial conquest and rule. "After the establishment of colonial rule coercion was also often used in recruitment of labor for public employment and at times for private employment.... [I]t can be argued that even where it promoted the progress of the indigenous population, coercion was objectionable, especially when applied by alien rulers who often did not understand local sentiments, beliefs and institutions, and whose ways were often incomprehensible to the subjects." But, he concludes, "We cannot assume that without colonial rule there would have been less coercion." And, "It is highly possible that over most of British Africa colonial conquest saved lives rather than destroyed them: this is virtually certain for instance of Northern Nigeria."

Bauer's net assessment — that colonialism until 1939 was beneficial — is hard to take. As historian and lecturer Leonard Liggio reminds us, colonial rule broke up local markets and customs in order to make good taxpaying subjects out of the conquered people.

Talking to P. T. Bauer

Peter Bauer is best known for his advocacy of the free market in "undeveloped countries," but he is also an erudite man of wide-ranging opinions. I recently had the pleasure of discussing with him issues not found in his latest book, *Equality, the Third World, and Economic Delusion*. The conversation took place during Bauer's last trip to the United States in July.

Bauer got into development economics during ten years of empirical studies in Southeast Asia and West Africa. He came away with great contempt for the statist apparatus left behind by the British colonialists. He said, "The political consequences [of state export monopolies] have simply been enormous. Practically all agricultural exports produced by the African population in the former British [colonies] are state exports. This was introduced in the terminal years of colonial rule. That has given these governments a cast-iron grip over the population."

Despite Bauer's pathbreaking work, he says the statist consensus in development economics is unchanged: "By and large, I think the suggestion that there has been a great change of heart has been much, much exaggerated. I believe the overwhelming majority of articulate, influential development economists are dirigists [advocates of state planning] now and always have been."

He is critical of neoclassical economists' preoccupation with quantification, which serves to rationalize bad policy: "People confuse two issues, two matters. One is that the knowledge of magnitude is a very important tool of the trade of economics. But this is quite different from saying that the quantifiable aspects of the situation are the most important, or the only important, or the representative aspects of the situation."

Bauer said he is very excited about the progress of the libertarian movement in the U.S. and hopes his book will be well received. "I think on the whole my book should please libertarians," he said. "It is very sympathetic to the libertarian position." He added: "I am — these labels are often very imprecise — but I'm on the whole a libertarian, and I support the market system primarily because it maximizes the mutually compatible range of choice. It happens also to be a system most suitable for increasing living standards. But it also... enables people to do their own thing. Many people are not materially ambitious or hold values which are not particularly congenial to economic performance. The market lets them do it."

Bauer said he is in sympathy with the libertarian movement's emphasis on civil liberties: "But I would say I also have some qualifications. And they are primarily in the following area: I think libertarians, like the traditional liberals, do not face sufficiently the problems created by the existence of power, political power. They are, of course, aware of it. But reading libertarian literature, I think they are, to my mind, at times insufficiently aware of the complications and dilemmas, for example, in the field of national defense, to mention one area."

Bauer's long friendship with libertarian psychiatrist Thomas Szasz came up in the conversation, prompting Bauer to say, "On the whole, I always start from a libertarian position. I'm very sympathetic to Thomas Szasz's writings — I think I've read all his books. I share his general position, although I differ from him, for example, on the subject of religion. He thinks of religion as something necessarily oppressive. A lot of people embrace religion very freely. As a matter of fact, it gives meaning to their lives. And I think that's insufficiently recognized by him."

I was curious about who influenced his intellectual development. Bauer said he's read everyone from Joan Robinson to Milton Friedman, and specifically expressed admiration for Thomas Sowell, Ronald Coase, Armen Alchian and W. H. Hutt.

How about the Austrian economists? I asked.

"I certainly learned a lot from them. To my mind, Hayek — who is, of course, a pioneer, a giant and who without qualification must be seen in that light — favors a market economy primarily because it promotes living standards. I favor it primarily because it enables people to do their own thing. It minimizes man's power over man. This is why I basically agree with the libertarian position. I want to minimize man's power over man."

—SR

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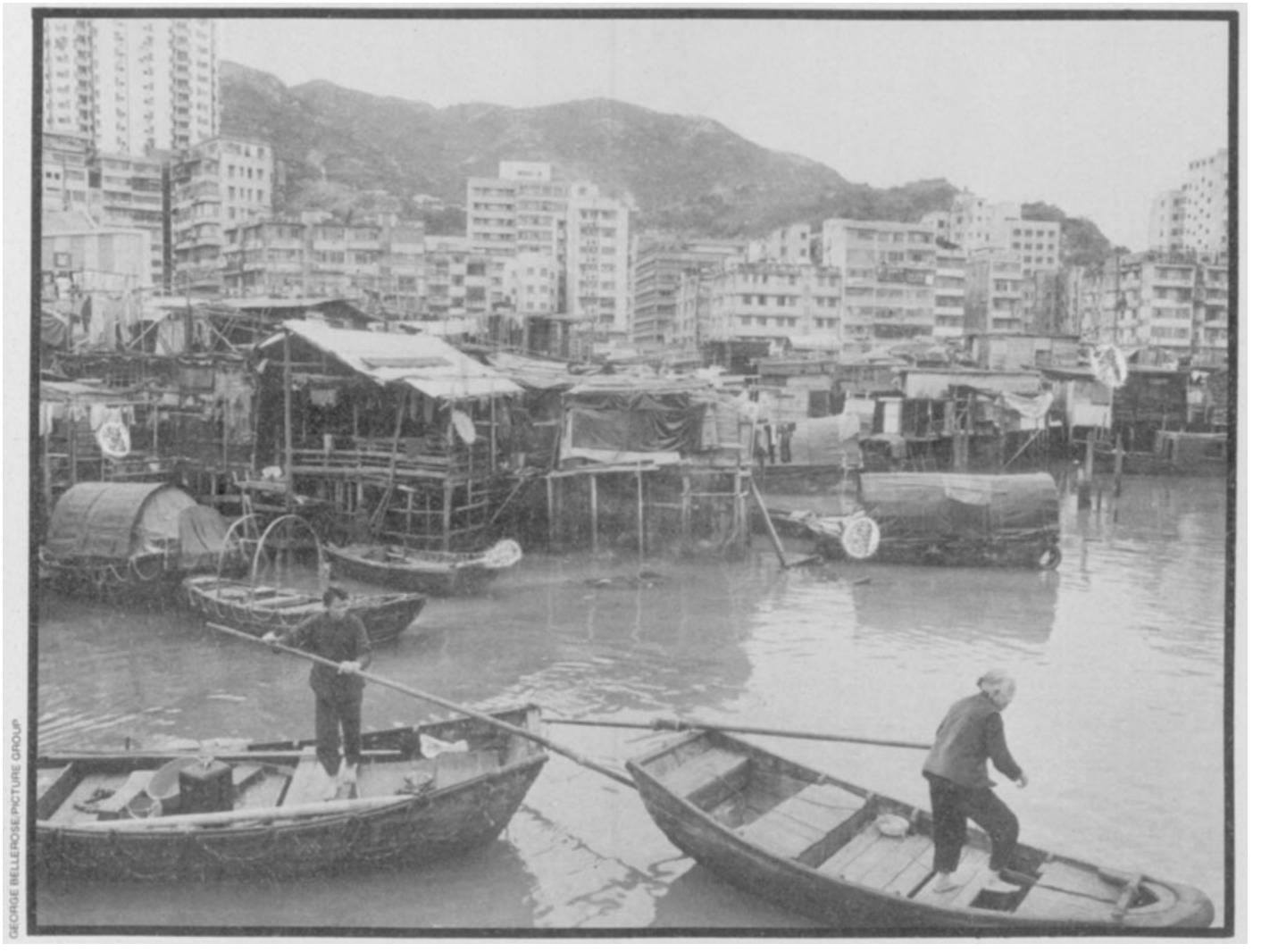

GEORGE BELLEROSE/PICTURE GROUP

"The outstanding lesson of Hong Kong is the overriding importance of personal attributes and motivations, social mores and appropriate political arrangements for economic achievement."

Levying taxes in the colonizers' currency was but one way to force the people to leave their way of life and work for the mining companies.

Nor should we forget that classical liberals have been the bitterest opponents of colonialism. Herbert Spencer in *Social Statics* noted that a colonial policy cannot be carried on without transgressing on the rights of both the colonized group *and* the taxpayers of the colonial power. Ludwig von Mises in *Liberalism* wrote that Europe's colonial policies "stand in sharpest contrast to all the principles of liberalism."

Bauer, however, is persuasive in arguing that there is no actual correlation between the economic conditions of Third World countries today and their past relations with colonial powers. The poorest areas, Afghanistan, for instance, were never colonies. In contrast, the remaining British colony, Hong Kong, has the highest living standard in the Third World. One need not argue, as Bauer does, that colonialism brings material advancement, simply that contact with Western countries does.

Despite his ambivalence, Bauer, in another context, passionately opposes *forced* modernization and investment in the Third World. He writes, "Enforced austerity is proposed and imposed on the ground or pretext that it is necessary for a promised increase in output. The increase is to take place in the unspecified future, and in a form only tenuously related to general living standards. What right have the rulers to coerce their subjects for this purpose?"

In the realm of solutions, Bauer proposes that all relief efforts be turned over to private organizations and that barriers to Third World exports be reduced or eliminated. But he too easily concedes that foreign aid is too far entrenched to be soon ended. As a second-best solution he proposes that the multilateral organizations be ended and that government aid be offered only bilaterally without strings, so that it cannot be confused with investment loans.

I regret that Bauer does not use his stature and eloquence to call for an immediate end to forced transfers. Political "realism" isn't a static phenomenon. Measures that seem unrealistic immediately become less so when renowned scholars such as Bauer put their weight behind them. If we are to get rid of these monstrous programs we must advocate abolition. "Gradualism in theory is perpetuity in practice," said abolitionist William Lloyd Garrison.

When we do abolish these policies that subjugate the productive people on both sides of the world, we will owe Prof. Bauer a great debt for having made it all possible.

Sheldon Richman writes the monthly column, "Commerce Dp't." for *LR*, and is the editor of *Competition*, the newsletter of the Council for a Competitive Economy.

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UPI

Eva Perón

Lawyers, guns, and money

JACK SHAFER

The Return of Eva Perón, with The Killings in Trinidad, *by V. S. Naipaul. Knopf, 228 pp., $10.00; Vintage, $2.95 pa.*

"THE BELGIANS GAVE US A state. Before the Belgians came we had no state," the university teacher in Zaire tells V. S. Naipaul. It takes lawyers, guns, and money to bestow the gift of statehood upon a stateless geography. As the Russians are discovering in Afghanistan, the state rises in conquest, and state-building first requires ample doses of guns and money to bring warring clans under one fist. Then the way is clear for the lawyers, or commissars if you will, to use the fist to bring the clans under one flag. Thus is the state invented.

Every empire declines and falls. But when the lawyers, guns, and money of the emperor go home, the gift of the state remains intact—the state does not disinvent itself. Like a derelict ship on the high seas, the mechanism of the state falls as spoils to the first coalition of lawyers, guns, and money strong enough to seize the rudder. In *The Return of Eva Perón,* novelist V. S. Naipaul collects four essays written between 1972 and 1975 for the London *Sunday Times* and the *New York Review of Books*. In these four essays, Naipaul visits and passes judgment on four such ships of state, four colonies which have fallen to the locals: Uruguay, Argentina, Trinidad, and Zaire. He finds them "half-made societies," tragic, corrupt, parasitic, and in search of an ever illusory "authenticity" to glue their damaged civilizations back together.

Naipaul's Uruguay is a nation on a pension, living off the productivity of its meat and wool industries. A fourth of its work force of one million is employed by the state. "The padding of the civil service, which began thirty years ago, in the time of wealth, disguises unemployment and urban purposelessness. Everyone knows this, but too many people benefit: the whole state has been led into this conspiracy against itself." The economy has been in decay since 1945 when the last of the productive infrastructure, a power plant, was finished. Since then, nothing. No new roads, no new bridges, no new industries. The economy burns up its capital to purchase consumer goods from abroad at tariff-bloated prices or at more affordable smuggler prices.

But Uruguay's welfare state did not grow out of gradualism, nor did the government pad the civil service rolls to buy off disgruntled radicals. Uruguay's welfare state was born sixty years ago when the president, José Batlle y Ordóñez, discovered in Switzerland the ideal of the liberal state and fused its inventions—pensions, benefits, higher taxation, government intervention in the economy, "the public sector" — onto the existing post-colonial state. For a time Uruguay was able to finance Batlle's vision out of meat, wool, and the infrastructure that British investment had provided, but today the money is running out. One socialist teacher tells Naipaul, "[Batlle] invented the workers and then he invented the social laws and then the bureaucracy — which was terrible. I am not certain why this should have led to corruption and venality, but it did."

Naipaul's informant can safely surrender his uncertainty. When a country like Uruguay cancels the future by financing the present out of the productivity of the past, it denies an arena for the imagination of its people. The nihilism of corruption and venality is inevitable. Naipaul writes of the Uruguayans, "Their habits of wealth made them, profoundly, a colonial people, educated but intellectually null, consumers, parasitic on the culture and technology of others." The tragedy of Uruguay is the tragedy of a country feeding off itself.

Across the Rio de la Plata in Argentina the disappointments are similar. Naipaul sees Argentina as a colonial mimicry, a country which debases everything it touches, from words (Naipaul insists that the Argentine debasement of words like artist, university, general, director, etc., requires the outsider to correct the spelling of those words by mentally putting inverted commas around them) to economy (Argentina's inflation is legendary). The code for men is *machismo,* the conquest and humiliation of women. The national institution is torture. The government dispatches killer Ford Falcons to chauffeur enemies of state into the ranks of the disappeared. Fittingly, Argentina's most celebrated figure is not its greatest

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citizen, the writer Jorge Luis Borges, but the despot's long-dead moll, Eva Perón.

The colonials may have invented the state, you see, but the despot, Juan Perón, perfected it. Perón brought the traditional figure of the regional *caudillo,* or petty dictator, into a twentieth century, national context. *El Caudillo* always has enemies; Perón and Perónism ascended in Argentina as Perón identified the common enemies of the poor and *El Caudillo:* the rich, the landholding *estancia* owners; foreigners, anyone who disagreed with the Perónist Revolution. Perón perfected the state by making it the ultimate detector of enemies. But in Argentina as in Uruguay political power was purchased with plundered economic power until the reality of a nation eating its seed corn left Perón with no more enemies to name. The mechanism of the state finally named him the enemy and sent him packing.

But just as America sponsored the political reprise of another such enemy-finder, Richard Nixon, so, in the early 1970s, Argentina called for the return of Perón to right the wrongs and name the enemies again. This time Perón found Perónism itself rife with internal enemies, infiltrators from both the left and right, dozens of heretics proclaiming theirs the true Perónist faith. Perón died before he could round up all the enemies, but his perfected state lives on. In this country which has no serious external enemies, AMX tanks, Alouette helicopters, and Ford Falcons stand ready to vanquish the internal threat. "It is as if all the energy of the state goes into holding the state together," writes Naipaul.

The literal return of Eva Perón of the title was the rediscovery of her embalmed remains after they were lost for twenty years. Evita, now a star of stage and screen, rose from poverty and charmed her way to the top, marrying Perón just like Cinderella. The completion of her myth was in her death — she died before she could complete her work, before she could identify all her enemies. She has returned as the undead Saint: Saint Evita haunts Argentina from an upper-class necropolis. Men still seek enemies in her name.

In "Michael X and the Black Power Killings in Trinidad" Naipaul tells a story like Tom Wolfe's *Radical Chic,* only this story is in blood, and without the laughs. Michael de Freitas, a black Trinidad seaman, arrived in England in 1957, settled in Notting Hill and made his way as a grifter—pimping, selling dope, and strong-arming for a racketeer. But bigger potatoes called, and a religio-political conversion rebaptised him Michael X and then Michael Abdul Malik. Michael X found black power and Islam and became an overnight success on the radical chic circle as a "leader," "poet," and "writer." Nurtured on newspaper fame and white-guilt money, Michael X played with revolutionary rhetoric until he was jailed under the 1965 Race Relations Act for a speech in Reading. "If you ever see a white man laying a hand on your black woman, kill him immediately," he said.

As empire declines, the gift of the state falls to the first guns and money strong enough to seize it.

After that, American Black Power gave Michael X the system in which to be a racial entertainer. And it worked. He filled scrapbooks with press clippings. But as Naipaul puts it, "West Indians are not black Americans. American blacks are an excluded minority. West Indians come from countries with black majorities and black administrations; they have a kind of political tradition." Michael X's rap worked well for a time in England as he played the perfect role of revolutionary Negro, the up-from-the-ghetto crapshooting spook, the seen-it-all former drug addict, the hustling blood, the street-wise racial outlaw. But after he finished his one-year jail sentence he found that he was last year's model; the newspapers were no longer interested in him. So in 1971 he took his show home to the West Indies: Trinidad. There he established his revolutionary crash pad — he called it a "commune" — and continued to "convert race into money." But in Trinidad, writes Naipaul, "Race is an irrelevance." Trinidad has a standard of living equaled in South America by only Argentina and Venezuela. Tales of white oppression might attract money from whites thinking that Trinidad was impoverished, but that wouldn't play in Trinidad itself. Michael X needed enemies. So, like the Argentines, he invented an internal threat.

He had two of his followers murdered. Naipaul returns again and again to the disposal of one of them, Gale Benson, a 27-year-old Britisher, one of those "revolutionaries who visit areas of revolution with return air tickets": "She was not yet completely dead: dirt from her burial hole would work its way into her intestines." Michael X made the contacts in Trinidad that could have put real political power in his hands. But instead, the madness of finding enemies took over. He was not driven to madness, — however Naipaul offers him no sympathy. Michael drove himself: a would-be Prime Minister who put his friends in shallow graves and was hanged for it.

Joseph Mobutu was a 30-year-old sergeant in 1960 when the Congo became independent. By 1965 he was General Mobutu and the leader of his nation. Today the Congo goes by the name of Zaire and the General's new handle is Mobutu Sese Seko Kuku Ngbendu Wa Za Banga — but he will also answer to The Guide. In Zaire the major industries have been nationalized, and now the modern state that the Belgians left there is being dismantled as well. Both the nationalization and the dismantling of the Belgian state are forms of pillage, but while the nationalizations enriched the few for a short time, the dismantling of the modern state benefits only one man, The Guide. All power now flows to him and from him. He is king. He is the state.

In *India: A Wounded Civilization,* Naipaul wrote, "In the history books, in the accounts of wars and conquests and plunder, the intellectual depletion passes unnoticed..." and "The conquerors themselves, by creating a desert, would have ensured, almost uninvited, their own subsequent defeat by others." India, Argentina, Iran, the Philippines, Indonesia, the roll call of the former colonies: in these countries the social and physical capital has been systematically destroyed again and again. And upon the resulting desert has been planted the hearty modern state which shows no sign of withering but only of growing stronger. The Mobutus and Peróns eventually pass on, but the firepower and terror of their versions of the modern state continue. Lust for the power of the state is a universal, and the more powerful the state the greater the lust, and as the new despots come to power they too will use the perfected state for its ultimate purpose: the detection of enemies.

In Indonesia peasants wear broken wristwatches and grin and shrug when you ask them for the time. A shiny broken wristwatch on the arm of a peasant, a technology or structure the locals can't fathom or repair. I'll admit it's an awkward metaphor for the state in The Third World. But if you wire a stick of dynamite onto that broken watch on the off chance that it will start up again, the metaphor is complete. The Third World is wired and ticking.

Jack Shafer is a contributing editor of *LR*.

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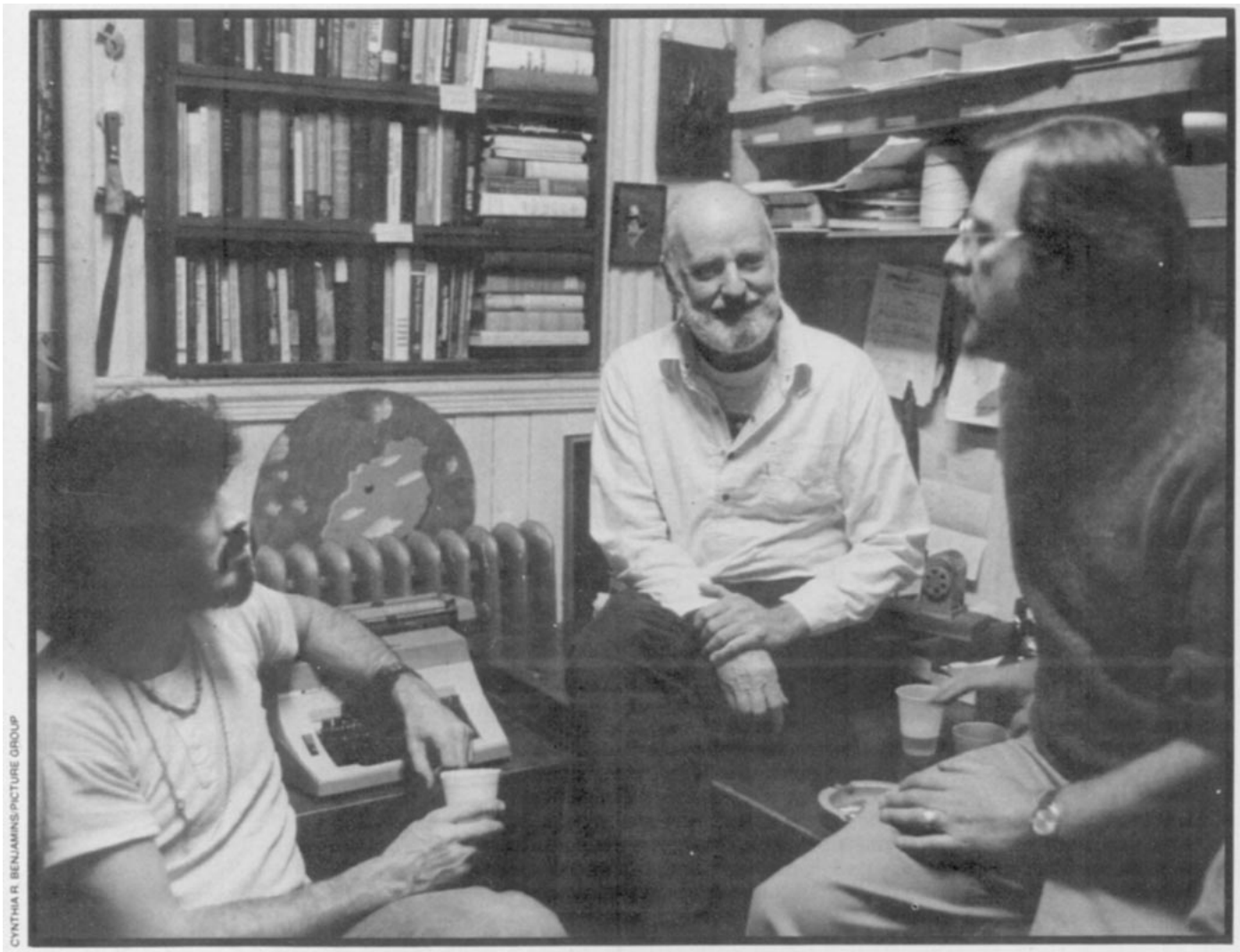

Lawrence Ferlinghetti (middle) at the Poet's Center.

The National Letters

On literary welfare (Part I)

JEFF RIGGENBACH

LAWRENCE FERLINghetti — the 62 year old San Francisco bookseller, publisher, and radical poet whose 40 year career in American letters has recently been accorded such long overdue blasts of recognition as the publication this past Spring by New Directions of his *Endless Life: Selected Poems* and the publication year before last by Doubleday of *Ferlinghetti: A Biography* by Neeli Cherkovski — may seem an unlikely sort of person to be either particularly pleased or particularly displeased about the Reagan administration's much publicized "budget cuts." If a man like Ferlinghetti had any opinion at all on such matters, you'd think, it probably just wouldn't be the sort of thing he'd choose to address in his public utterances.

Not that Ferlinghetti is indifferent to politics. Far otherwise. As one of the founding fathers (along with Allen Ginsberg, Jack Kerouac, and Seymour Krim) of what later came to be known (at Kerouac's suggestion) as the Beat Generation, Ferlinghetti was kneedeep from the beginning in all the issues— chiefly censorship, marijuana and world peace — which typified the political consciousness of that generation. By the early 1960s, the FBI was maintaining a file on him and had him pigeonholed as a "Beatnik Rabble Rouser... reputed, in some dubious circles, to be a San Francisco poet." "Among his 'works' is a thing called 'Tentative Description of a Dinner Given to Promote the Impeachment of President Eisenhower,'" the FBI report continued. "This type of trash, so readily available in widespread circulation, must surely be responsible in some measure to [sic] demoralization in America." "It appears," J. Edgar Hoover is reported to have said upon reading this description, "that Lawrence Ferlinghetti may possibly be a mental case."

Nor was this Ferlinghetti's first run-in with the law. A few years earlier, in 1957, he had been tried (and, with ACLU assistance, exonerated) on charges of "willfully and lewdly" publishing and selling a book called *Howl* by Allen Ginsberg, which the San Francisco Police Department, in the person of one William Hanrahan, Captain in the Juvenile Division, considered both "obscene and indecent." And only a few years after the nation's most powerful cop had first expressed his fears for Ferlinghetti's mental health, the (presumably) deranged poet could be found at the Love-Ins, Be-Ins and anti-war rallies which were staged around the San Francisco Bay area during the late 1960s by the suddenly numerous and unruly members of a new generation of bohemians and rebels known sometimes as "hippies" and sometimes as "the New Left." He was even arrested, along with

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67 others (among them Kay Boyle and Joan Baez, as well as a large contingent of students), for participating in a peaceful anti-war demonstration at the Oakland Army Induction Center in December of 1967, and was made to serve 19 days in jail for "disturbing the peace." The journal he kept of this experience (and arranged to have smuggled out of the jail in daily installments wrapped in outgoing dirty laundry) was published the following March in *Ramparts*, the excellent but short-lived monthly magazine of '60s generation political opinion (brainchild of the brillant but erratic San Francisco journalist, Warren Hinckle) which also published such libertarians as Karl Hess and Murray Rothbard before its untimely demise. And in the past decade the protean bookseller/publisher/poet has busied himself giving benefit readings for various of his favorite political causes, including Cesar Chavez's controversial United Farmworkers of America, various California anti-nuclear groups, and Greenpeace (in support of that organization's anti-whaling campaign).

Ferlinghetti is a political animal, no doubt about it—and has been for some time. Still, it has never been characteristic of him to publicly take positions on particular political questions. His political style has always been more sweeping than that, more abstract, more ... well, *philosophical*. He has publicly taken a stance on Freedom of the Press, but not on such particular recent cases as that of Carol Burnett versus the *National Inquirer*. He has taken a position on nuclear power, but not on such particular recent questions as whether the federal government should cut or boost its various subsidies to the nuclear power industry. Figuring out exactly how many dollars somebody ought to spend on something isn't the kind of thing you can do by working out the implications of philosophical principles. And Lawrence Ferlinghetti's approach to politics is incurably *philosophical*.

What kind of philosophical? "Well, basically," he told an interviewer from *City Arts* (a monthly San Francisco tabloid) a year ago this month, "it's an anarchist position, following in the tradition of Herbert Read ... as carried out by Kenneth Rexroth in this country, who was dominating the literary scene here when I arrived in the 1950s. It's what he calls 'philosophical anarchism,' which is the position that an anarchist *isn't* someone who...looks like Walt Whitman with a homemade bomb in his pocket. That's not the idea. The idea is that the anarchist is against the State — basically against any organization or society which dominates and suppresses the individual. So that today, the anarchist's position is stronger and more valid than it's ever been." "I am waiting," he had written 22 years before in the best known of his early books, *A Coney Island of the Mind*, "for the American Eagle to really spread its wings and straighten up and fly right ... and I am waiting for the war to be fought which will make the world safe for anarchy and I am waiting for the final withering away of all governments." But he had also made it clear that he *wasn't* waiting for a revolution. "Revolutions," he wrote in 1976, "degenerate into governments." Such an approach as this is unlikely to yield many public pronouncements one way or another on specific proposals for reform through direct political action.

Nevertheless, I still feel confident in the supposition I made going into this column — that Lawrence Ferlinghetti, anarchist poet, anti-nuclear demonstrator and believer in the rights of whales, not only *does* hold an opinion of at least certain of Ronald Reagan's widely touted and decried budget cuts, but holds the specific opinion that at least certain of these cuts are fully appropriate and just. My reason for feeling so smugly confident of all this is to be found in Ferlinghetti's answers to certain other questions he had put to him last year by that same *City Arts* interviewer: his remark, for example, that "if you take grants from the National Endowment for the Arts, as nine-tenths of the supposedly dissident poets and small presses in this country have been doing in the last few years, you're *guilty by complicity*, as Albert Camus said... of cooperating ... with a government ... whose last act was to kill millions of people overseas in an illegal war in the Far East"; and also his remark that "the poets who took grants from the National Endowment for the Arts under Nixon were *used* to re-elect Nixon. In the second Nixon campaign for President, I received a brochure listing all the poets and presses and writers in this country that had received grants from his benevolent Administration!"

"The poets who took grants from the National Endowment for the Arts under Nixon were *used* to re-elect Nixon."

And these were not Ferlinghetti's first comments on the matter of federal subsidies to literature. In A *Political Pamphlet* (1976), he had written of his strong distaste for the very idea "of a poet lending his talent to any branch of the government, even if he's paid privately for it." And he had written contemptuously in the same piece of the "poetry directors of the National Endowment of [sic] the Arts" and their "co-operating poets and publishers" who "hardly realized that when the literary history of this strange decade is writ it would be seen to be the time of the ostrich." It would seem, then, that Lawrence Ferlinghetti might well be expected to look with positive joyousness on the fact that the National Endowment for the Arts is one of the few federal agencies which actually *will* be smaller, weaker, and poorer under the first year of Reagan administration budgetary policies.

Surely, for all those among us who can still understand simple arithmetic without the aid of a pocket calculator, the month of October is fraught with grave danger this year — the danger of madness. And we would therefore be well advised to take our joy like Ferlinghetti: wherever we can find it. For the month of October marks the beginning of the new Fiscal Year in Washington, and everywhere around us this year the otherwise unmomentous event is being greeted with a great popping of corks, tooting of noisemakers, hurling of confetti and singing of Hymns of Thanksgiving to the Reagan administration for its graciousness and wisdom in "cutting" the federal budget. Never mind the fact that the federal budget was $663 billion in the last Fiscal Year for which Jimmy Carter's administration determined the budget (Fiscal 1980, the year which ended last month), compared to $695.5 billion in the Fiscal Year for which Ronald Reagan's administration determined the budget (Fiscal 1981, the year which begins this month). Never mind the fact that the federal government will *not* be smaller this Fiscal Year than it was last Fiscal Year, that it will not even remain the same size, but will be *bigger* by $32.5 billion. It's as though the stockholders of a giant corporation were to fire their chief executive officer for being an extravagant spendthrift and replace him with a new chief executive who promised to cut company expenses but who then proceeded to increase them instead, only being careful all the while to increase them slightly less than his irresponsible predecessor had proposed to increase them. Would the stockholders in such a corporation shout hallelujah and sing loud hosannas in praise of their new chief executive who had "cut costs?" It's enough to drive any sane man mad.

So let us divert our attention

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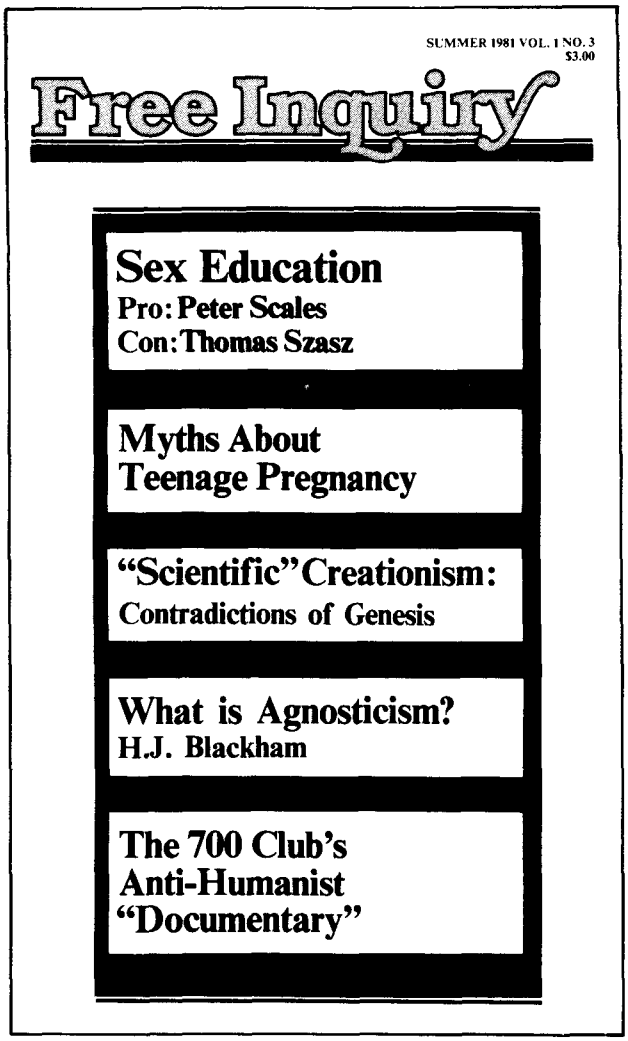

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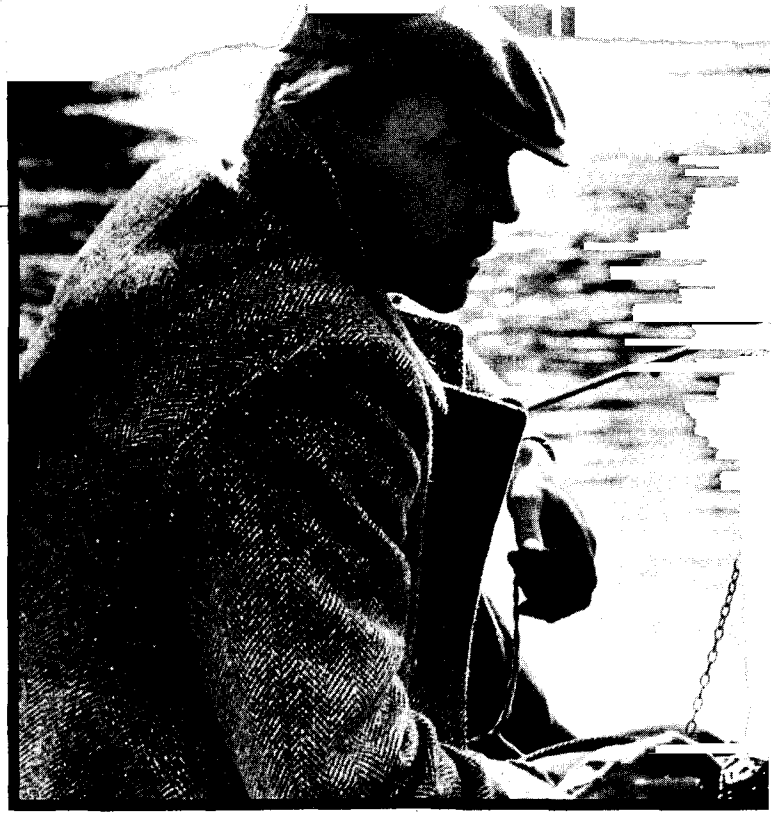
from the basic numerical facts of the matter; that way, clearly, lies madness. Let us spare our sanity instead by doing as I suppose Lawrence Ferlinghetti to be doing: by focusing on one of the few specific cases in which it may truthfully be said that the U.S. government actually *will* spend less money this Fiscal Year than it did last —the case of government subsidies to the arts. Here, it would seem, the otherwise preposterous claims being made for the Reagan administration's costcutting fervor are actually borne out. The National Endowment for the Arts, for example, which most Americans think of as the major federal effort to subsidize cultural activities in this country, is actually limping into the new fiscal year with *at least* 25 percent *fewer* dollars to spend than it had last year. In Fiscal 1980 NEA had nearly $160 million to spend; in Fiscal 1981 it will have less than $120 million.

Ferlinghetti is not, he makes clear, waiting for the revolution. "Revolutions," he wrote, "degenerate into governments."

In fact, however, it would be a mistake to take even this cut at face value. In fact NEA is by no means the major federal agency putting money into cultural and artistic projects. There's also the National Endowment for the Humanities, the Department of Education, the National Park Service, the Department of Housing and Urban Development, the Depart of Labor, even the Department of Defense. "The $46 million the Administration proposed cutting from the arts endowment," *Newsweek* reported in March, "is in fact less than the Defense Department will spend this year on military bands." And even so, the Pentagon's band budget is only another small drop in the bucket. Washington editor Michael Macdonald Mooney of *Harper's* magazine estimates in his recent book *The Ministry of Culture: Connections Among Art, Money and Politics* (Wyndham Books, 1980) that more than 300 different federal agencies may spend as much as $20 billion per year promoting an "active, well-coordinated, national cultural policy." In the face of a figure like that, it is difficult to understand why a piddling $46 million cut in NEA's budget should be considered all that big a deal. And if you're looking at it from Lawrence Ferlinghetti's point of view, with literature as your principal focus, the cut in NEA's budget is made to look doubly insignificant by the fact that funds for literature have largely been "spared" the axe: David Wilk, who administers NEA's Literature Program, told the *Los Angeles Times* in May that "the Literature Program has a high priority," and would probably be cut back no more than 20 percent, even in a worst case scenario.

Yet if justice were done, the entire Literature Program would be not just cut back, but abolished—and with it the entire NEA and the entire remainder of the federal arts bureaucracy: the entire Ministry of Culture, as Mooney calls it with telling Orwellian sarcasm. For the Ministry is not only a threat to the independence and freedom of expression enjoyed by the individual writer, as Ferlinghetti has long maintained; it is also both totally ineffective at achieving its ostensible goals — that is, at encouraging, assisting, and supporting the creation of new works of art — and flagrantly at variance with the very principles of anti-authoritarian individualism which have given our national literature its distinctive character and savor.

Jeff Riggenbach is the West Coast editor of *LR*.



Donald Sutherland plays a Nazi spy, whose villainy is "either that of a monster or a total simp," in Eye of the Needle.

On View

Villains

DAVID BRUDNOY

AND SO WE COME AT LAST to the villains, who, much like the heroes, are not the cut and dried fellows they used to be. No more the run-of-the-mill bad guy, his criminality or venality all in a day's work. Now our villains are unspeakably evil, throwbacks more to World War II "Jap" and "Kraut" stereotypes than to the more modestly wicked villains of the tamer 1950s. Or they are oddly attractive, villains you love to hate and hate to love at the same time. Villainy attracts the creative mind just as pans engage the critic more successfully than raves: something evil, Arendtian theories of its banality notwithstanding, being more compelling, more attracting, simply more interesting. John Milton, for all his genius, put people to sleep then, as he puts them to sleep now, presenting his angels and his God and his Christ, but comes Satan and we're all ears, all eyes, all imagination, fascination, wonderment.

In the last couple of months here I've passed rather quickly by villains, concentrating more on brainstorms that flopped and on the nature of contemporary screen heroism. But of the seven films discussed during the past two months, consider that not one had a, shall we say, down-to-earth villain. The wretched ones in *Clash of the Titans* are, literally, monsters. The ringleader of the criminals in *The Legend of the Lone Ranger* was a disgruntled U.S. army major whom Ulysses S. Grant had chewed out, a fellow we felt almost sorry for. The Nazi in *Just a Gigolo* had a thing for uniforms and strapping young men and his ideology was all in his swagger stick. *Superman II* gave us three Krypton outlaws, fair matches for our man of steel but utterly out of this world. Nazis again in *Raiders of the Lost Ark*, one of whom was a Peter Lorre take-off, none of whom could be taken any more seriously than the movie itself. The *Dragonslayer* had to fight a fire-belching dragon; and the reluctant hero of *Escape From New York* is up against three million of the most hardened criminals in the land. They're not making villains the way they used to.

Eye of the Needle

Think of Faber (Donald

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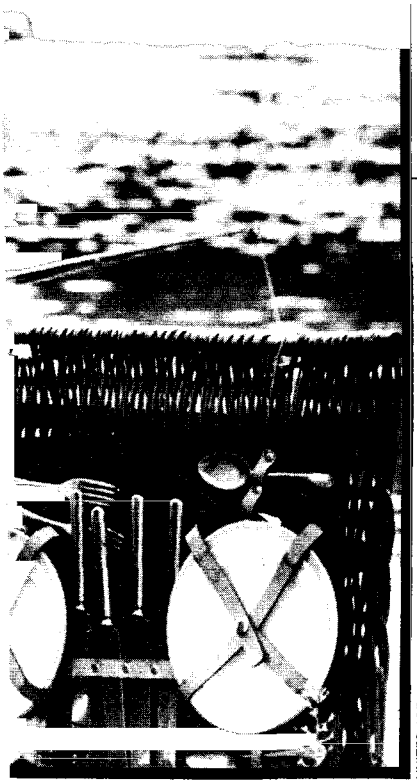
UNITED ARTISTS

Sutherland), a German spy possessed of a convincing British accent but lacking any touch of human warmth save for a quite understandable, though ultimately fatal, attraction for a lonely, love-starved English housewife locked away with a brooding husband on a barren rocky island. Richard Marquand's effort, based on the novel by Ken Follett, wants nothing in the way of locale and committed acting, but it is a strangely cold movie that only fitfully engages us. Sutherland is at once the major attraction of the film (though Kate Nelligan's presence offers us a sustained glance at a very promising young actress) and also the major problem with the film. Sutherland has come on to us in some pretty bizarre roles before, among them *Casanova* and the fascist in *1900,* but he is at his best as an ordinary bloke just a bit to this or that side of routine. His Faber could have demonstrated to us the best of his acting range had the role been drawn more convincingly, as Follett wrote it. Instead, we appear to be with two Fabers, one a total fanatic, veins running with ice water; the other a squish who wandered into the wrong movie.

Donald Sutherland has not been directed to give us a unified personality, wedding pleasant chap with devout Nazi, the sort who somehow manages to enjoy both quaffing a few with the boys down at the pub and, when necessary, sticking a shiv into anybody who gets in his way. There's the stuff of real villainy, its coalescing of the mundane with the monstrous. But the elements of personality must jell, not pass barely as nodding acquaintances the one with the other. I found myself loving bits and pieces of *Eye of the Needle,* now and again whistling in admiration of Sutherland's dippy-doodle off-kilter grin, or recoiling from his instinctive cruelty (Faber's instinctive cruelty, that is), and then a stretch of journeyman work would come up and I'd realize that my mind was wandering. Sutherland is almost always on screen so I couldn't chalk it up to fretfulness in his absence. The problem is within the characterization of a villain whose part didn't fit. This screen Faber, this "needle," the spy who must at all costs get the Allied invasion plans (he's discovered that they'll land at Normandy) to his German comrades, this man is 'round the bend: he is not operating on all his systems, he is just a degree or two off the human course. He is, in short, dismissible; we would call him "crazy" if we were part of his defense team before an American judge today, and we would get our boy off.

There'll be no cogent recognition of the true face of evil until and unless we can leap over the polarities currently provided as our only alternatives. Either we are to take a villain as a madman, which removes him from any further claim on our serious attention; or we are to take him as a victim of circumstance, which removes us from any further useful consideration of what he *does* and directs us only to what horrendous things society has done to create him. That he may be sane and consciously, deliberately bad: that we are not to consider. *Eye of the Needle,* so admirable in many ways, and so close to being a first-rate movie, rests ultimately — and therefore fails ultimately, because it rests there — on a shaky premise that is neither stated nor even forthrightly suggested. It is of course dangerous and often stupid to try to second-guess motivation, and I offer this only tentatively; I think that those who made the movie, particularly the director, possibly also to a significant extent the lead player, do not know what to make of villainy, have perhaps been so educated away from understanding villainy that they cannot quite imagine it and so must resort to trying to have it two ways, neither of which is quite right. A villain is a bad person who commits very bad acts; a villain who is either total monster or near-total simp, both of which Sutherland's Faber is at various times in the movie, is a dual stick figure, not a person.

Victory; Wolfen

Directors John Huston and Michael Wadleigh have created villains who are even more unsatisfactory, though both Huston's *Victory* and Wadleigh's *Wolfen* are, on the whole, satisfactory movies. In the one, we root for good guys Michael Caine, Sylvester Stallone, and Péle, and their buddies, as they play "football" (soccer) against the Nazis in a game designed by the Germans as an exercise in propaganda. Even Stallone has his moments, and for the man who until now only Rocky Balboa could totally absorb, that's an accomplishment.

But against whom do the British soldiers and their Yank friend contend? Against a charming, gentlemanly officer, Major Karl von Steiner, who comes to us through Max von Sydow' off-hand portrayal as neither fish nor foul. This German officer, who concocts the idea of a game pitting the prisoners of war against a crack German team, is identified by his affiliation with the National Socialists but depicted as a man of the most courtly sensibility. He, not the athletes who play the game, is the enemy, the villain, and as a villain he is simply zero. The deck is doubly stacked: nature's noblemen, the Allied soldier-athletes, versus a nice-nice in Nazi uniform. Von Sydow's von Steiner is straw.

He does not, however, bay at the moon, and Wadleigh's Wolfen do. The twist in this occult thriller is that civilization has become villainous and only the primitive, here American Indians and superwolves, or possibly American Indians who turn themselves into superwolves when necessary or desirable to do so, retain any vestige of nobility and decency. We are caught off guard by *Wolfen,* and that's often quite a gratifying change in a movie made at a time when most movies are predictable from the first reel, but we are also swept away from any plausible or even truly provocative standpoint. While the creatures, whatever they are, stalk us — and we see their view of things through brilliant camera wizardry — and slaughter people, we cozy up to the cops, especially to Detective Wilson (Albert Finney). But after we have been subjected to a meandering course of instruction in the history of mankind according to a couple of Indians resident in New York, we are suddenly expected to do an about-face and admire wolves, or Indians-turned-wolf, and despise the modern civilization whose protector is the very same Detective Wilson.

Neither *Victory* nor *Wolfen* creates villainy, though both establish aspects of the world that aren't all kindly. Swell fellows like the German major sometimes find themselves in the uniforms of villainous regimes, and swell fellows like Wilson, for that matter swell wolves and swell Indians, sometimes find themselves on one or the other end of horror. But who is to say who the villain is? Who, actually, *can* say, given the ambivalence shown by the people who assemble these movies? Both films offer considerable enjoyment, just so long as nobody stops to think about them very intently. In *Victory,* we get our money's worth watching Péle play, Caine bounce around, and Stallone try to underact; in *Wolfen* we get a woozy tour of New York from wolf level and

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through wolf vision. Nifty, in both cases. Try to get a fix on the *attitude* of these movies' makers toward their bad guys, however, and you throw up your hands in despair.

Blow Out

Brian De Palma continues to offend the professional defenders of cinema politesse, not long ago with *Dressed to Kill,* now with *Blow Out,* both just a mite more violent than required by their plots, both grievously bothersome to those who think the movies are out to degrade women. In this off-kilter variation on a theme of Chappaquiddick, coupled with heavy borrowing from Antonioni's *Blow Up* and Coppola's *The Conversation,* we're offered a trade-off. De Palma gives us John Travolta as a grownup, Travolta showing that he actually can act his age and can do so quite well, and the writer-director also gives us his favorite woman, Nancy Allen, in another sizzler role as a much put upon young lady. Moreover, he gives us a tangle of plot elements that don't quite fit but whose failure to fit perfectly don't maul the movie into ludicrousness. For these benefits, and they're considerable, he trades us a ridiculous copout in the villainy department.

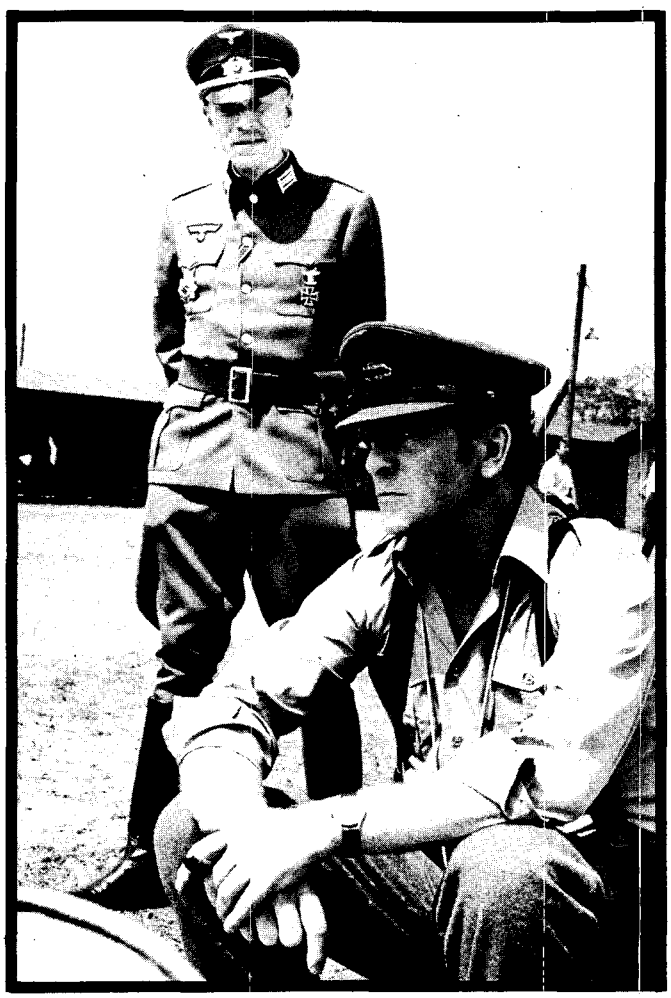
Jack (Travolta) is a sound-effects man who makes X-rated movies. Out one night getting natural sound to use in his latest cheapie flick, he witnesses and records a car skidding off a bridge, kerplunking into the drink. Jack dives in, rescues the girl, and learns later that her companion of the evening, a presidential candidate, was also inside the submerged car and is dead. Moreover, listening to his tapes, Jack realizes that somebody had shot the tire before the car skidded. We have murder. Political assassination? But of course. The rest of the movie concerns Jack's attempt to piece together the ingredients of that murder to convince somebody in power that the incident wasn't an accident, and the efforts of the hired killer (John Lithgow) to eliminate Jack and the young woman. De Palma does what we have come to expect of him, and much blood flows while many terrifying scenes flash before us.

Something's left out of *Blow Out,* as something was left out, albeit much more intriguingly, in *Blow Up* and *The Conversation.* We haven't a clue who hired the killer to shoot out that tire. That you can rent a killer for a disquietingly small sum of money is by now common knowledge, as is the fact that politics is a game that is sometimes played, even here, even in America, for keeps. The interesting question is: who wanted the politician out of the way, and why? Was it the other party? A rival within his own party? His wife? The communists? The Moron Majority? Nobody is even suggested as a possible villain, though the questions worth asking are those I've just asked. Instead, we are conveniently slid past the questions that matter and diverted to a standard, though quite well paced, chase adventure. The killer is mental as well as mean: he keeps in shape, midst his pursuit of the witness and the survivor, by garrotting and slicing up other people who have nothing whatsoever to do with the matter at hand. So our experience with villainy in *Blow Out* is an exercise in the tedious copout. What we want to know, because knowing that would take us closer to a part of the curtains of political chicanery, we never even come within guessing distance of knowing. De Palma does not have in this movie, maybe he will never have, an interest in reality beyond terror of fiends lurking in shadows. The killer in *Blow Out* is not the villain, he is the instrument of somebody else's villainy, although, to be sure, he goes well beyond his employer's desires in his thorough approach to his job.

Certainly Brian De Palma is under no obligation whatsoever to care about anything so down-to-earth as Who Killed Kennedy? But given the stylistic fineness of his approach to the cinema of urban terror, and his sometimes daring and lately quite successful casting, and, furthermore, given his obvious pleasure in the mechanics of constructing suspenseful progressions to plot resolution, he demonstrates the intelligence to grapple with something of more abiding interest than the problems of a mid-course transsexual *(Dressed To Kill)* or the zeal of a hired gun *(Blow Out).* He has amply demonstrated his skills except in the area of imagining and giving screen life to realistic evil.

One needn't beat this dead horse, but I suspect that we might agree that we are far more threatened by the villainy of our own government and the hard-ball tactics of our political establishments than we are by a handful of people adjusting badly to their gender or by the somewhat more ample but nonetheless small group of people who get their kicks from killing for hire. What is hinted at throughout *Blow Out*—the true villains of this piece, whom we never see, are undoubtedly pillars of society—gets, if not quite to the heart, then at least to the zone close to the heart of contemporary villainy. De Palma punts.

Michael Caine as the good guy, and Max von Sydow (left) as "a villain who is simply zero," a "swell guy who just happens to be a National Socialist," in John Houston's Victory.



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***LR*'s film critic also reviews for WNAC-TV (CBS), WRKO-AM (ABC), and *The Boston Herald American*. He is host of the "The David Brudnoy Show," New England's leading radio talk program and a frequent interviewer on television. He writes a nationally syndicated newspaper column, reviews books, lectures frequently on popular culture and politics, and serves as Deputy Sheriff of Suffolk and Middlesex Counties in Massachusetts.**

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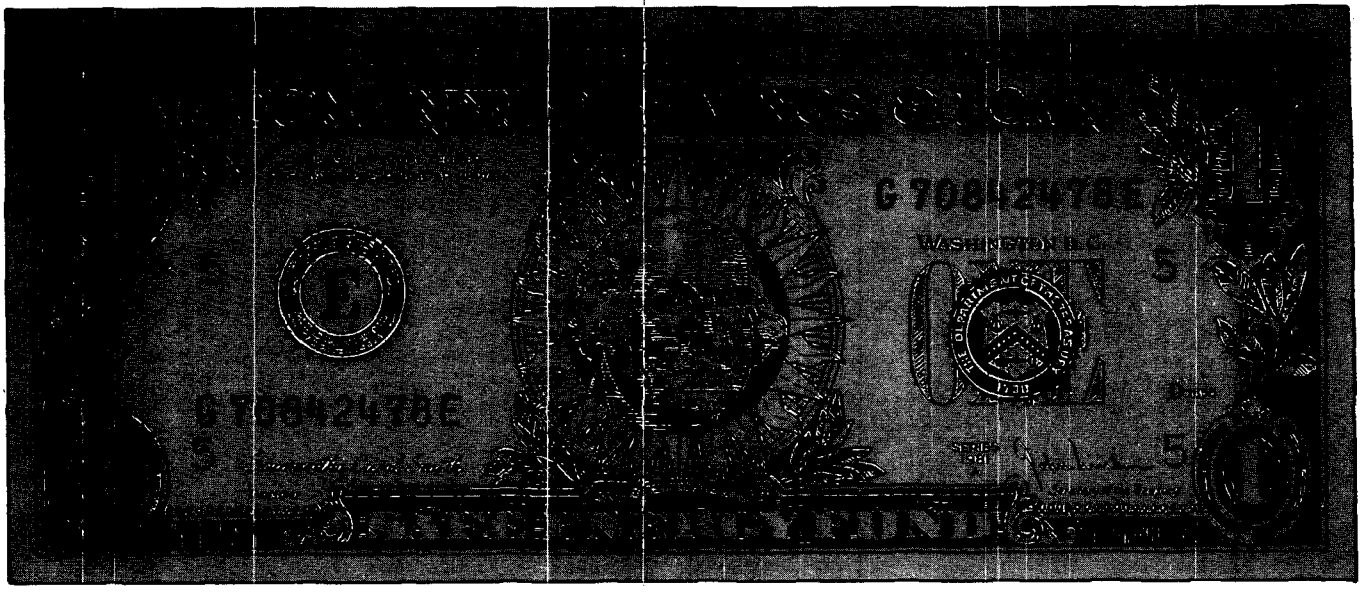

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